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Algeria	6.00	Den.	15.00	Norway	6.00
Argentina	10.00	France	12.00	Poland	6.00
Australia	10.00	Germany	12.00	Portugal	6.00
Belgium	6.00	Italy	12.00	Romania	6.00
Canada	10.00	Japan	12.00	Soviet Union	6.00
Czechoslovakia	6.00	South Africa	12.00	Sweden	6.00
Denmark	6.00	Spain	12.00	Switzerland	6.00
East Germany	6.00	Taiwan	12.00	U.S.A.	6.00
Finland	6.00	Thailand	12.00	U.K.	6.00
France	12.00	U.S.A.	12.00	Yugoslavia	6.00
Germany	12.00	U.S.A.	12.00		
Greece	6.00	U.S.A.	12.00		
Hong Kong	10.00	U.S.A.	12.00		
India	10.00	U.S.A.	12.00		
Indonesia	10.00	U.S.A.	12.00		
Italy	12.00	U.S.A.	12.00		
Japan	12.00	U.S.A.	12.00		
South Korea	10.00	U.S.A.	12.00		
Spain	12.00	U.S.A.	12.00		
Sweden	6.00	U.S.A.	12.00		
Switzerland	6.00	U.S.A.	12.00		
Taiwan	12.00	U.S.A.	12.00		
Thailand	12.00	U.S.A.	12.00		
U.S.A.	12.00	U.S.A.	12.00		
U.K.	6.00	U.S.A.	12.00		
Yugoslavia	6.00	U.S.A.	12.00		

No. 31,576



N.T. Rama Rao, speaking at a rally in his support and attended by 100,000 people in Vijayawada, Andhra Pradesh.

49,000 Are Briefly Held Protesting Indian's Ouster

NEW DELHI — Police in the southern Indian state of Tamil Nadu briefly detained 49,000 opposition activists, as more than a million people rallied across the country to protest the dismissal of the opposition-controlled state government of Andhra Pradesh.

The chief secretary of Tamil Nadu, Kumaraswamy Chockalingam, said the 49,000 people were detained Saturday for picketing government offices. An opposition leader, Muthuvel Karunanidhi, said that more than 200,000 had been arrested. Officials said that most were released shortly after they were detained.

Hundreds of demonstrators were detained in several other states during Saturday's protests, officials said. Opposition parties had called the nationwide protest day against the dismissal of the government in the southern state of Andhra Pradesh.

The removal of the state government, led by N.T. Rama Rao, has caused a national furor. Prime Minister Indira Gandhi's appointment of a new governor in Andhra Pradesh, Ram Lal, and the state's Congress party leader, A. Madan Mohan, resigned Friday, apparently to mollify the critics.

[On Sunday, President Zail Singh appointed Shankar Dayal Sharma to replace Mr. Lal as the new governor for Andhra Pradesh, Reuters reported, quoting the Press Trust of India news agency.]

Mr. Ram Lal has said that he dismissed Mr. Rama Rao because he was an opposition leader who had lost his majority in the 295-member state assembly. Mr. Rama Rao has denied it, and has demanded a vote of confidence in the assembly.

Activity came virtually to a halt during protest strikes Saturday in two large opposition-ruled states, Karnataka and West Bengal, the United News of India reported. Most shops, offices, movie theaters, banks, businesses, factories and schools were shut, it said.

Protesters also shut down large areas of Tamil Nadu, Tripura and Andhra Pradesh states.

There were several reports of violence in West Bengal. At least 47 persons were injured when strikers and opponents clashed at the Dunlop tire factory near Calcutta, police said.

"Our movement will not stop until we get justice and democratic values are accepted by Mrs. Gandhi," Mr. Rama Rao said at a rally of 100,000 people in Vijayawada, in Andhra Pradesh.

Police fired tear gas to break up fighting between supporters and opponents of Mr. Rama Rao in front of a factory in Hooghly-Chinsura in West Bengal, according to news reports.

Calcutta, India's largest city and the capital of West Bengal, was deserted. A regional railroad spokesman said train services were paralyzed, and Indian Airlines, the state airline, canceled a Calcutta-to-Madras flight "for want of passengers," United News of India reported.

Rail traffic was also at a standstill in much of southern, central and eastern India. Officials canceled some trains, and others were stopped by protesters who stood on the tracks and demanded a shutdown of public transport, United News of India said.

A curfew was imposed in Srinagar, the capital of the northern state of Kashmir. The chief minister of that state, Farooq Abdullah, also an opponent of Mrs. Gandhi, was forced out of office on July 2.

Punjab Amendment Voted

Parliament amended the Indian Constitution on Saturday to allow the government to extend federal rule in the northern state of Punjab for one year, United Press International reported from New Delhi.

Mrs. Gandhi dismissed the state government and imposed presidential rule on Punjab in October to curb violence related to Sikh separatist protests.

Under the constitution, federal or presidential rule can be imposed on a state for only one year, unless Parliament extends it with a constitutional amendment.

Honecker Dispute Heats Up

'Forces' Trying To Scuttle Trip, E. Germans Say

By James M. Markham
 New York Times Service

BONN — East Germany has accused "certain forces" in Bonn of trying to sabotage a visit to West Germany next month by Erich Honecker, the East German Communist Party leader.

The party newspaper Neues Deutschland on Saturday criticized Alfred Dregger, parliamentary leader of the Christian Democrats, who said Thursday that "our future does not depend on whether Honecker pays us the honor of a visit."

In an editorial, the paper assailed Mr. Dregger and the anti-Communist Springer newspaper chain, saying they "do not want the possible visit" to take place. It described Mr. Dregger's remarks as "scandalous and provocative sallies."

"The campaign of such forces," said Neues Deutschland, "does not mean that Mr. Honecker is not pushing to visit West Germany."

Officials here noted that the editorial avoided criticism of Chancellor Helmut Kohl.

Although the visit has not been formally announced, Bonn officials have been busy with the details of a five-day trip that would start Sept. 26. The visit would be the first by an East German party leader to West Germany.

Since the beginning of August, the Soviet press has sharply criticized the warming ties between the two Germanys, accusing the Kohl government of trying to undermine East German stability.

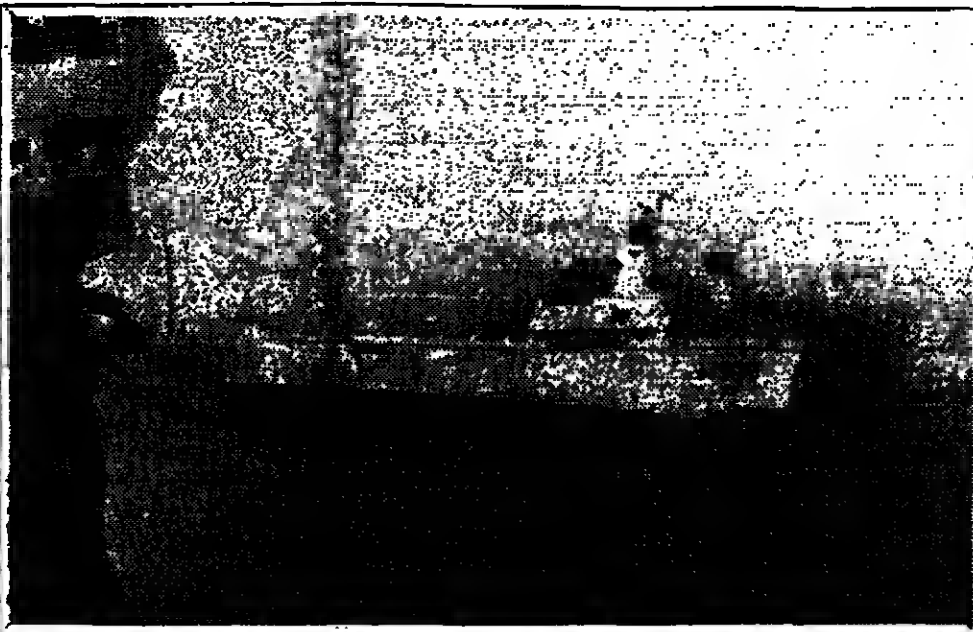
As East Germany's links with West Germany have tightened, Mr. Honecker has emerged as an ally of Janos Kadar of Hungary and Nicolae Ceausescu of Romania in defending broader ties with the West to promote economic growth and East-West détente. This argument has undercut Soviet efforts to convey a chill in East-West relations because of the deployment of NATO medium-range missiles in Western Europe.

Last week Mr. Honecker was the only Eastern European party chief to attend the 40th-anniversary celebrations in Bucharest of Romania's "anti-Fascist liberation." Romania also underscored its unswerving standing in the Warsaw Pact by declining to participate in the Soviet-led boycott of the Olympics in Los Angeles.

On Thursday, Mr. Honecker and Mr. Ceausescu issued a communiqué that urged "a turning to a politics of reason" between East and West and emphasized "the necessity to continue a political dialogue with all forces ready for agreement," a phrase that could cover ties with West Germany.

With Mr. Kohl on vacation until Monday, other Bonn politicians tried to limit the possible fallout from Mr. Dregger's remarks. Jürgen Sudhoff, a government spokesman, said Friday that Mr. Honecker was welcome in West Germany.

Hans-Dietrich Genscher, the West German foreign minister, urged politicians to be cautious in the negotiation of a ban on such



The French freighter, Mont-Louis, which was carrying treated radioactive waste to the Soviet Union, lists before sinking after colliding with a channel ferry, off the Belgian coast.

Soviet Reports Successful Cruise Tests, Renews Vow to Meet U.S. Deployment

By Serge Schmemmann
 New York Times Service

MOSCOW — The Soviet Defense Ministry has announced that it is conducting successful tests of long-range ground-launched cruise missiles, renewing threats against the United States for what it called that country's widespread deployment of such weapons.

Western diplomats said they were not sure why the Defense Ministry had decided to revive the threat at this time.

A statement issued Saturday by Tass said, "If the United States continues seeking military superiority, the Soviet Union will be compelled also in the future to adopt countermeasures to make certain that the balance of forces between the U.S.S.R. and the United States, between the Warsaw treaty nations and NATO, will not be upset."

Soviet leaders and the Soviet press have on several occasions in the past reported testing of long-range cruise missiles; most recently in a Pravda editorial July 31 and in the Moscow weekly Literaturnaya Gazeta Aug. 8.

The Western diplomats said the novelty of Saturday's announcement seemed to be the implication that the Soviet Union had a functional cruise missile in its arsenal and could begin deployment.

The format of the announcement was similar to those in which Moscow announced countermeasures to North Atlantic Treaty Organization deployments of new medium-range missiles in Western Europe, including new cruise missiles. The diplomats said this could mean that the Russians were treating their cruise missiles as another promised retaliatory measure.

When the Pravda editorial was published, there was also speculation that Moscow might be reacting to an announcement in Washington in late July that the first long-range cruise missiles, known as Tomahawks, were being deployed on U.S. Navy ships.

Saturday's brief statement gave little detail. It accused Washington of starting a crash effort to develop new systems of offensive arms, including long-range air, sea- and ground-launched cruise missiles.

The statement said the Soviet Union had repeatedly suggested the negotiation of a ban on such

Vessel Carrying Nuclear Waste Sinks in Channel

United Press International

LE HAVRE, France — A French freighter that sank off the Belgian coast Saturday after colliding with a ferry was carrying radioactive waste bound for the Soviet Union, the ship's owners and crew said Sunday.

A representative of a major seamen's union said the 4,210-ton Mont-Louis was carrying "several containers" of radioactive waste from Le Havre to the Soviet port of Riga when it capsized Saturday about 12 miles (19.2 kilometers) off Oostende.

[A communiqué issued by the Paris headquarters of the Compagnie Générale Maritime said the crew had been able to determine that the containers were undamaged before abandoning ship. The Associated Press reported from Paris.]

The communiqué said that the barrels could resist salt water for up to a year. The communiqué added that even if a leak were to develop, the radioactive material would be diluted by the water and the increase in radioactivity would be "negligible with no consequences for man or the environment."

The Mont-Louis collided in fog with the 14,981-ton West German-registered ferry Olau Britannia, which was sailing from Vlissingen in the Netherlands to Sheerness in southern England.

No one was injured in the collision. The ferry was carrying 935 passengers and 150 crewmen when the accident occurred, according to Lloyd's Shipping Intelligence. All 23 seamen aboard the Mont-Louis were transferred safely to the ferry, which reached its destination without further incident.

A representative of the French Democratic Federation of Labor, or CFTD, said the material had come from the nuclear treatment center of La Hague in northern France.

"The crew of the Mont-Louis had asked for additional risk pay in view of the dangerous nature of the cargo," the unidentified representative said. Instead, he said, the company provided each crew member with a "small detection device that would react to the slightest abnormal rise of radioactivity."

The Greenpeace environmental group said earlier that the Mont-Louis was replacing the Borodine, which normally carries treated Canadian uranium between France and the Soviet Union.

The Olau Britannia resumed its English Channel service Sunday with 1,000 passengers aboard after inspectors pronounced it seaworthy despite dented bows.

Travelers aboard the ferry Saturday said the collision occurred when the freighter cut across the ferry's bow and the Olau Britannia nearly cut the French vessel in half.

Warning for Shipping

Shipping was warned by the Belgium maritime radio Sunday not to pick up cargo from the vessel. The AP reported from Oostende.

The broadcast said the waste was "packaged in yellow barrels marked IMCO-7."

The Compagnie Générale Maritime identified the material as uranium hexafluoride, a highly toxic and corrosive radioactive gas,

Pentagon Aide Calls U.S. Ready for 30-Day War

By Richard Halloran
 New York Times Service

WASHINGTON — The Defense Department's senior official for military readiness, Lawrence J. Korb, says U.S. forces could fight in a conventional conflict of the intensity of World War II for at least 30 days with the supplies on hand, twice as long as four years ago.

Mr. Korb also asserted, in an interview, that the readiness of the armed forces and their ability to continue fighting would double again by the end of the decade, to 60 days, if Congress approved President Ronald Reagan's military budgets.

Mr. Korb, the assistant secretary of defense for manpower, installations and logistics, provided the most specific defense of the Reagan administration's posture on military readiness since the release of a critical staff report by the House Appropriations Committee a month ago.

That report, made public by a committee controlled by Democrats, contended that military readiness had declined, despite rising military spending, and that U.S. forces could not sustain combat against the Soviet Union or many lesser powers.

Since then, Secretary of Defense Casper W. Weinberger and other administration officials have traded charges with leading Democrats over military readiness. Walter F. Mondale, the Democratic presidential candidate, has contended that too much money has been spent on nuclear arms and not enough on conventional forces.

In the interview last week, Mr. Korb said that U.S. forces could sustain a war of the same intensity as the Korean War for 30 days in the region around the Gulf. After that, he said, arms and supplies could be taken from U.S. forces elsewhere.

In another case, that of a counterinsurgency similar to the early days of the war in Vietnam, Mr. Korb asserted: "We would have no trouble with something like that." U.S. forces have trained for counterinsurgency operations in Central America.

Mr. Korb also said that four million people, twice the number in the current armed forces, could be under arms in a matter of days by calling reserves and retired personnel.

But he acknowledged that, despite improvements, the armed forces were far short of the air and sea transport needed to carry reinforcements, new weapons, ammunition and spare parts to sustain U.S. forces on distant battlefields.

Readiness in military terms means the ranks are filled with trained troops, the proper officers and noncommissioned officers are assigned and a unit is armed, equipped and supplied with a basic load of ammunition for combat.

The ability to sustain forces means having a stockpile of weapons, ammunition, food, fuel and other supplies that would enable a unit to continue fighting until American industry could produce enough to replace losses. That ca-



Lawrence J. Korb

capacity is usually measured in the number of days supplies on hand.

The administration of President Jimmy Carter assumed that a war with the Soviet Union would be fought with conventional arms for 30 days, then with nuclear weapons. Ammunition and spare parts would be needed, therefore, for only a month.

In contrast, the Reagan administration has asserted that a nuclear standoff is possible with a stronger U.S. deterrent. But the Soviet Union, officials reasoned, might

(Continued on Page 2, Col. 3)

Truman Capote, 59, Is Found Dead; Flamboyant Author of 'In Cold Blood'

By Albin Krebs
 New York Times Service

NEW YORK — Truman Capote, 59, one of the postwar era's leading American writers, whose prose shimmered with clarity and quality, died Saturday in Los Angeles.

Mr. Capote died at the home of Joanna Carson, former wife of the entertainer Johnny Carson, according to Commander William Booth of the Los Angeles Police Department. "There is no indication of foul play," he said, adding that the cause of death would be investigated.

[Mrs. Carson told police she was unable to awaken Mr. Capote after a nap Saturday morning. The Washington Post reported Mr. Capote had been a guest at the house since Thursday. Medication was reportedly found in the room.]

The novelist, short story writer, and literary celebrity pioneered a genre he called "the nonfiction novel," exemplified by "In Cold Blood." He died without having completed his long-promised "masterwork," a huge novel called "Answered Prayers."

In 1963, the critic Mark Schorer wrote of Mr. Capote: "Perhaps the single constant in his prose is style, and the emphasis he himself places upon the importance of style."

Mr. Capote's first story was published while he was in his teens. In all, he wrote 13 volumes, most of them slim collections. In the view of many of his critics, notably his friend John Malcolm Brinnin, he failed to join the ranks of the truly great American writers because he squandered his time, talent and health on the pursuit of celebrity, riches and pleasure.

"I had to be successful, and I had to be successful early," Mr. Capote said in 1978. "The thing about people like me is that we always knew what we were going to do. Many people spend half their lives not knowing. But I was a very special person, and I had to have a very special life. I was not meant to work in an office or something, though I would have been successful at whatever I did. But I always knew that I wanted to be a writer and that I wanted to be rich and famous."

Success, both as a writer and as a celebrity, came with his first novel, "Other Voices, Other Rooms." It was a critical and financial success. He followed with short stories, reports and novellas, including "Breakfast at Tiffany's," "The Museum Men," "The Grass Harp," "Local Color," "The Dogs Bark" and "Music for Chameleons."

But the book that perhaps solidified his claim to literary fame was "In Cold Blood," his detailed, painstakingly researched and chilling account of the 1959 slaying of a Kansas farm family and the capture, trial and execution of the two killers.

The book was almost universally praised. The novelist and journalist John Hersey, for example, called it "a remarkable book." But there were dissenters. Stanley Kaufman said in The New Republic, "This isn't writing. It's research."

The work consumed more than six years of his life. But it won him praise, publicity, millions of dollars and the luxury of time to work on "Answered Prayers."

He appeared on television talk shows and indulged a gift for viperish wit and scandalous gossip. He cultivated the famous as his friends and confidants, while publishing little and, he said later, developing a formidable "writer's block" that delayed completion of "Answered Prayers."

In 1975, he allowed Esquire magazine to print portions of the unfinished novel. In one of the excerpts, "La Côte Basque," Mr. Capote told



Truman Capote

apparently true and mostly scandalous stories about his famous friends, naming names and ending friendships.

In the late 1970s he underwent treatment for alcoholism and drug abuse, had prostate surgery and suffered from a painful facial nerve condition, a tic douloureux.

Born Truman Streckfus Persons in New Orleans on Sept. 30, 1924, he later adopted the surname of his stepfather, Joseph G. Capote. For the first nine years of his life he lived mostly in Alabama with female cousins and aunts.

Of that period, he once said, "I was so different from everyone, so

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LIBERATION DAY — Marie Thérèse Leclerc, 81, widow of General Philippe Leclerc, joined Mayor Jacques Chirac of Paris to review troops during a ceremony Saturday marking the liberation of Paris. Story, Page 2.

Paris Relives One of Its Proudest Days

1944 Liberation Hailed as Rebirth of France's Greatness

By Richard Bernstein
New York Times Service

PARIS — Thousands of Parisians on Saturday commemorated the 40th anniversary of the liberation of their city from four years of German occupation.

At 9:45 A.M., church bells in the city rang as they did on Aug. 25, 1944, the morning after General Philippe Leclerc's 2d Armored Division pushed from the southern outskirts of the city, across the Seine and to the Hôtel de Ville, the city hall.

The celebrations took many forms, most of them more modest than those in June commemorating the Allied landings in Normandy. But they were still elaborate, beginning nearly two weeks ago with a wreath-laying ceremony honoring

35 high school students killed by the Nazis.

The high point of the celebration came Saturday in the square in front of the Hôtel de Ville when thousands of people gathered to watch fireworks and a sound-and-light show.

The show recounted Paris's occupation and liberation, and the nation's conclusion: "The world has changed a great deal since 1944, but Paris will always be Paris. It is the most beautiful city in the world. Long live Paris! Long live France!"

A major theme was that the liberation of Paris by Free French forces restored a measure of the pride lost during the occupation. From a military standpoint, the liberation was not very significant;

the original Allied plans for the conquest of France provided for the city to be circled in the march toward the Rhine but not to be taken immediately.

But for the French, Paris is the center of their civilization. And so it was that 40 years ago Sunday, Charles de Gaulle, returning to a delirious welcome, proclaimed that the liberation represented the rebirth of French greatness.

"France is a great nation," de Gaulle said. "Here we are once again on our feet as victors."

Pierre Boudier, a veteran of the 2d Armored Division, stood outside Notre Dame Cathedral on Saturday morning. "I think it was a moral force," he said, referring to de Gaulle's Free French units, which fought under the overall Allied command.

At the cathedral, where Mr. Boudier greeted old comrades, hundreds of other French veterans milled about and embraced as they waited for the Mass to begin.

During the Mass, Cardinal Jean-Marie Lustiger, the archbishop of Paris, said that the French had played out a "spiritual drama" during the war.

"We had to save mankind, to save all men, including our enemies, from this suicidal fascination and the shackles of collective guilt," he said.

Also attending the mass were Mayor Jacques Chirac and Prime Minister Laurent Fabius, who at 37 is the first French prime minister to have been born after the war.

A special service Friday night attended by representatives of the government and the Roman Catholic Church, members of the Jewish community in Paris paid tribute to the thousands of Jews deported and murdered during the Nazi occupation.

Jacques Chaban-Delmas, a Resistance leader who later served as prime minister and is now mayor of Bordeaux, said the commemoration should serve to unite the French despite ideological differences.

"There are no enemies among the French," he said. "What I want everyone to learn from this anniversary, especially those who did not live through the events, is that without freedom life is not worth living."

Defense Minister Jeered

During the ceremony Saturday evening, Defense Minister Charles Hernu was interrupted by hecklers who booed his references to President François Mitterrand's Socialist government, United Press International reported.

The shouting and whistling started when Mr. Hernu cited a recent statement by Mr. Mitterrand calling for national unity to overcome France's economic difficulties.

"Those who are whistling my comments are showing little of the national unity that all here are seeking," Mr. Hernu shouted at the hecklers.

Further interruptions greeted his references to the government's economic modernization program, but the booing was countered by loud applause.

U.S. Estimate Of Readiness

(Continued from Page 1)

then he tempted to wage war on the United States and its allies with its much larger conventional forces.

To deter Moscow, the administration has set a goal of having all forces ready for combat on the first day of a war and the capacity to sustain battle until American industry could shift into large-scale wartime production.

Mr. Korb, who is Secretary Weinberger's senior adviser on readiness, said that the armed forces were ready for about 15 days of intense battle when the new administration took over in 1981.

If a war in Europe on the scale of World War II broke out tomorrow, he said, "We would have to get involved, to deal with the situation and to buy us time to do all the other things we need to do."

He referred to conscription and industrial mobilization.

"We could fight in Europe in a war as intense as the so-called Six-Day War with the supplies we have on hand, against a maximum threat, easily for a month," Mr. Korb said, referring to the war between Israel and Arab nations in 1967, which was notable for heavy firepower on both sides.

He said that by using older munitions in reserve stocks, such a war in Europe could be extended to close to 45 days. "By the end of the decade," he said, that time "will be twice as much as we have now," assuming that funds were approved by Congress.

If U.S. forces were sent to the Gulf region to protect the industrial world's oil sources, "they're not going to run out of ammunition within a month," Mr. Korb said.

"Longer than that," he added, "they'll take the material from someplace else, assuming that you didn't have trouble in other parts of the world."

While senior Pentagon officials have focused on procuring new weapons for the future, field commanders have complained that they have been shorted on ammunition and spare parts.

Vatican Says Soviet Bars Pope's Visit to Lithuania

The Associated Press

CASTEL GANDOLFO, Italy — Pope John Paul II has suggested and Vatican officials have confirmed that he has been denied permission to travel to the Soviet republic of Lithuania for a religious ceremony.

But the pontiff, speaking Sunday at his summer residence outside Rome, said he hoped to visit the Baltic republic at a later date. He had asked permission to visit Vilnius, Lithuania's capital, to participate in ceremonies marking the 500th anniversary of the death of the country's patron saint, St. Casimir.

"I was not given the joy of making the pilgrimage of faith and love" to attend the ceremony, the Polish-born pontiff said in a message to Bishop Juozas Pivonis, president of the Lithuanian Episcopal Conference. "Nor could I send you my greetings through an envoy," said the message in Latin dated Aug. 23. The message was released Saturday by the Vatican.

The pope's message did not say why he could not attend the ceremonies commemorating a year of celebrations of the anniversary of St. Casimir, who died March 4, 1484.

"But let us hope there will be the possibility of making this trip and performing this ministry with our brothers, who because of their distance are particularly close," the pontiff said.

"In fact, they're not really that far; it's a two-hour flight," he told several thousand tourists and pilgrims.

During the traditional weekly noon blessing Sunday, John Paul revealed that the Vatican's secretary of state, Cardinal Agostino Casaroli, had also failed to obtain permission to take part in the ceremonies for St. Casimir, who is also a patron saint of Poland.

The pope was invited to attend the ceremony by the Lithuanian bishops in April 1983.

Lithuania was occupied by Soviet troops in 1939 under the terms of the border agreement between the Soviet Union and Germany that cleared the way for the Nazi invasion of Poland. The country was declared a Soviet republic on Aug. 3, 1940. After the German Army was driven from Lithuania by Soviet troops, it was again reinstated in the Soviet system.

However, it has remained a Roman Catholic stronghold. More than half the estimated 4 million Roman Catholics in the Soviet Union live in Lithuania.

St. Casimir was born in Krakow, Poland, which was John Paul's diocese before he became pope. St. Casimir died at the age of 23 while on a trip to Lithuania, where he held the title of grand duke, and was buried in the cathedral at Vilnius.

John Paul has made 22 foreign trips since becoming pontiff in October 1978.

Pentagon Says Space-Based Defenses Could Force Soviet Back to Bombers

Washington Post Service

WASHINGTON — The Pentagon has expanded the rationale for President Ronald Reagan's \$26-billion space-based defense system, saying it could serve as a kind of reverse engine in the arms race, driving the Soviet Union from land-based missiles back to reliance on less destabilizing older-line weapons such as bombers.

Pentagon officials, elaborating on this shift in strategic theory, say the payoff in having the Soviet Union move from missiles toward bombers would be hours rather than minutes of warning time, thus taking the hair-trigger off nuclear war.

"It would get us back to the relatively stable period of the 1950s," said William E. Furniss, one of the Pentagon officials shaping the policy objectives of Mr. Reagan's space defense effort, known as the Strategic Defense Initiative.

Mr. Furniss, who is special assistant to Richard N. Perle, assistant secretary of defense for international security policy, said that a companion objective of the defense program was to perfect defenses that would cost less for the United States to deploy than for the Soviet Union to overcome by building more land-based missiles.

If missile defense can be made cheaper than intercontinental ballistic missile offense, Mr. Furniss said, Soviet planners, "who don't have a bottomless pit of money," would have additional incentive to switch to more evasive nuclear delivery vehicles, such as bombers and cruise missiles.

Critics, including a number of scientists, contend that Mr. Reagan's proposals for space-based weapons is counterproductive and out of reach technologically, that it would not be worth scrapping the U.S.-Soviet treaty banning extensive anti-ballistic missile systems for what is bound to be an anti-warhead umbrella of questionable reliability, and that putting weapons in space would destabilize the balance of terror as the superpowers kept laser guns aimed at each other from space.

The new Soviet explanation came a week before the anniversary of the destruction of Korean Air Lines Flight 007 by Soviet missiles on Sept. 1, 1983. All 269 persons on board were killed.

United Press International, reporting from Moscow, quoted the official radio as saying, "The CIA and the Pentagon did everything to prevent the remnants of the aircraft from getting into someone else's hands." It attributed the information to Mr. Keppel.

But Mr. Keppel, in a telephone interview from his home in Essex, Connecticut, denied having made any such statement. He said there was evidence that the airliner exploded, but he believes the explosion was caused by kerosene fuel ignited by a fire in a wing. He also denied that he had said the United States had interfered with the search for wreckage.

Mr. Keppel, who left the Foreign Service in 1969, said he had been investigating the incident for many months as a private citizen.

Moscow radio quoted Mr. Keppel as saying that the United States detonated a bomb after Soviet jets fired missiles, UPI reported.



Franz Josef II congratulates Hans Adam after assigning executive powers to the son.

Crown Prince of Liechtenstein Assumes Executive Powers

The Associated Press

VADUZ, Liechtenstein — Crown Prince Hans Adam, 39, an economist and manager, received executive powers on Sunday over this principality of 26,500 people from his father, Prince Franz Josef II.

Franz Josef, 78, who after 46 years on the throne is Europe's longest-reigning monarch, is to continue as head of state, retaining a ceremonial role.

Liechtenstein, 62 square miles (160 square kilometers) tucked between Switzerland and Austria, has developed since World War II from a poor agricultural state into a prosperous, highly industrialized nation, with excellent labor relations.

The prince's prerogatives are unparalleled in any other European monarchy. He has final say over laws, can issue emergency

decrees, dissolve the 15-member parliament and quash legal proceedings.

Prince Hans Adam has argued for neutral Liechtenstein's membership in the United Nations and emphasized the need for European defense.

Another of his priorities, voting rights for women, was approved in July, resolving the principality's major domestic political issue.

Fight to Preserve Tenements Starts As Turks Leave German Steel Town

By John Tagliabue
New York Times Service

DUISBURG, West Germany — A five-minute walk through the Hüttenheim district of this Rhine city begins at the steel-mill gates, runs up past grocery stores and a storefront mosque into rows of 70-year-old tenements that are locked, shuttered and boarded up.

This is a dying neighborhood, a result of the West German government's repatriation program for foreign workers. Until it ended in June, the program gave cash payments to 300,000 of West Germany's 4.5 million foreign workers, most of them Turks, to induce them to return to their native lands.

The program was designed to ease West Germany's 9-percent unemployment rate. In smelter cities like Duisburg, the jobs-hate rate is 16.5 percent and about 13 percent of the 559,000 people are foreign laborers and their families.

For Hüttenheim, five miles (eight kilometers) south of central Duisburg, the exodus means empty houses, abandoned stores and, for some, a future of disappearing jobs and diminished hopes. About 3,000 of the 5,000 or so Turks who lived in the district left in January, after the Bonn government passed legislation offering the equivalent of \$3,600 to any foreign worker willing to return home.

Mannesmann, the giant steel company that employed the Turks, sweetened the offer by adding four months' pay and an additional one-third of a month's pay for every year they had worked for the company. The average employee, a social worker said, took about \$5,000 back to Turkey.

But the exodus left a scar in the shape of 240 deserted apartments near the heart of Hüttenheim. Mannesmann, which put up the housing early in this century for its workers, says it does not have the money to modernize the units and wants to raise four of the settlement's seven blocks.

"If the city says no," said Josef Krings, a Social Democrat and former schoolteacher, who is Duisburg's mayor, "we'll have to buy them. And we just don't have the money."

Duisburg, like other old industrial cities in West Germany, is edging back from the brink of bankruptcy, where it tottered in the late 1970s after the steel giants — Krupp, Mannesmann and Thyssen — began "rationalizing" to cope with Europe's steel crisis.

In Hüttenheim, "rationalizing" has meant shedding 20,000 jobs since 1964. And Thyssen says it foresees the elimination of 8,000 more jobs.

The city, with state and national aid, is buying up old coal-mining and steel-making property and clearing it to install new high-technology industries. Duisburg University recently inaugurated an institute for microelectronics and is helping local companies develop advanced technology products.

The worldwide economic recovery has buoyed the steel industry and enlivened business in Duisburg's huge inland harbor, temporarily halting the spread of unemployment. But Mayor Krings acknowledges that little sleeps down to places like Hüttenheim.

Labor-saving equipment continues to eliminate jobs and, with the departure of 5,000 Turks from the Duisburg area, "cheap housing is available elsewhere."

Hüttenheim residents, most of them active or retired Mannesmann employees, accuse the company of overcrowding and neglecting the buildings when it filled them with thousands of Turkish laborers at the height of West Germany's labor shortage in the 1960s. Now, they say, with the company's profits depressed by the slump in demand for steel pipes, the firm's specialty, Mannesmann wants to be rid of the costly project.

Four months ago 30 or so Hüttenheim residents — about 20 West Germans and the rest Turks — began planning resistance to demolition. They had help from local lawyers and architects who say the buildings deserve protection.

City and company officials dismiss their efforts as overly nostalgic. The cost of refurbishing the 240 vacant apartments, they say, would be \$18,000 to \$28,000 a unit, necessitating vastly increased rents.

Whatever the fate of the Hüttenheim settlement, Duisburg officials see no satisfactory solution to the problems of the Turks who live and work there. Jobs for the largely unskilled Turks are fast disappearing.

Zimbabwe Fears Lack of Rain

Reuters

HARARE, Zimbabwe — Finance Minister Bernard Chidzero warned Sunday that Zimbabwe would face disaster if rains failed for a fourth successive year and said the government would reactivate the nation's economy by investing in productive sectors.

Similarly, some officials here have said privately that if Mr. Honecker canceled the September trip the reasons would not lie in unfriendly remarks by West German politicians, but in Moscow.

Fire Destroys London Warehouse

LONDON (AP) — A warehouse fire has destroyed millions of dollars worth of liquor, melted 100 tons of butter and burned furniture, clothing and tea in London's biggest blaze in 10 years, officials say.

It took 200 firemen six hours to bring the flames under control Saturday at the warehouse complex in Cricklewood, in northwest London. Half the firefighters remained through the weekend to put out sparks in the rubble, a London Fire Brigade spokesman said. Arson was not suspected, officials said.

The fire lit up the London skyline with 150-foot (45-meter) flames after starting in the McGregor-Cory Bonded Warehouse. Liquor valued at \$5.2 million was destroyed, according to the British Broadcasting Corp. A 100-ton store of butter melted, spreading burning fat throughout much of the Cricklewood Trading Estate. Warehouses containing other goods were ignited and burned.

For the Record

The six-member crew of the space shuttle Discovery traveled Sunday to the Kennedy Space Center in Cape Canaveral, Florida, for the start of the new space shuttle's 43-hour countdown and its twice-delayed first launch on Wednesday.

New York City's health-care strike, affecting more than 30 hospitals and 15 nursing homes, has been tentatively settled after 44 days, it was announced Saturday night. Union members will vote Monday night on the contract giving them a 5 percent wage increase and every other weekend off.

Common seriously wounded a part-time member of the Ulster Defense Regiment, Northern Ireland's auxiliary police force, as he drove with his wife and two-week-old child early Sunday along an isolated road near Angharad, County Tyrone, near the Irish border.

Zaire has revoked expulsion orders against more than 2,000 Zambian migrant workers who fled Zaire's southern Shaba province last week, the state-owned Times of Zambia reported Sunday, quoting official sources. The workers said they had been detained and deported, but Zaire claimed they fled, fearing expulsion as illegal residents.

WORLD BRIEFS

Freed Hijack Victims Fly to New Delhi

NEW DELHI (AP) — The 73 passengers and six crew members of a hijacked Indian Airlines plane arrived Sunday in New Delhi after having been taken hostage for 39 hours.

The seven hijackers, four of whom passengers identified as Sikhs, released the Boeing 737 on Saturday in Dubai, United Arab Emirates. They were given a week's asylum and a pledge to facilitate their journey to the United States, and Dubai authorities later said they had been taken into custody for their own protection.

The aircraft was hijacked Friday after leaving the city of Chandigarh on a flight from New Delhi to Kashmir. Returning passengers claimed Sunday that the hijackers, armed only with daggers and packets they said were time bombs, obtained a pistol during a refusing stop on Friday at Lahore, Pakistan. Officials in Islamabad, Pakistan, denied the report.

Hundreds of Basques Battle Police

BILBAO, Spain (Reuters) — Hundreds of Basque youths burned cars and battled police Sunday in a second day of protests after a French court ruled that four alleged Basque guerrillas should be extradited to Spain, police said.

Demonstrators shouting slogans pelted police with bottles, rocks and petrol bombs in the center of this Basque city. The police charged the crowd. Twelve people were arrested and 18 others hurt during the clashes, which followed similar fighting Saturday.

In another incident, three hooded gunmen set fire to the house of an elderly French couple Saturday night in the town of Zumaya, police said. The men told the pair and their visiting relatives the arson was in reprisal for the extradition ruling. No one was hurt and the gunmen fled after starting the fire. Police also said suspected Basque separatists set a French car ablaze Sunday in Pamplona.

Israel Ends Daylight-Saving Time

TEL AVIV (Reuters) — Israel ended daylight-saving time Sunday under pressure from orthodox Jews who say it interferes with religious practice.

Energy experts estimate that setting the clock forward one hour since May 5 saved \$3 million in energy costs. But Yosef Burg, minister of religious affairs and of interior and police, and who is an Orthodox Jew long opposed to daylight-saving time, decided to end the practice.

Opponents say daylight-saving time led to violations of the Sabbath because cinemas and public transport began before Sabbath's end at sunset Saturday. They complained it forced Orthodox Jews to miss sunrise prayers.

Police Seize 2 in French Bombings

PARIS (AP) — Police said a previously unknown group that had exploded bombs in three French cities and demanded a government ransom consisted of only two men who needed money. Both are in custody.

The men, identified by police Saturday as Thierry Maitret, 23, and Claude Vallot, 31, were arrested Friday at an apartment outside Dijon in east-central France. Officers said they found explosives there similar to those that caused damage last week in Lyon, Grenoble and Amnecy.

The explosions were accompanied by telephone calls claiming responsibility for the attacks on behalf of M5, and demanding that the French government pay \$3.75 million in ransom. Officers said Mr. Maitret wrote bad checks in each of the three cities on the day of the bombings.

North Korea Rejects Offer of South

TOKYO (AP) — North Korea has rejected an offer from South Korea's president, Chun Doo Hwan, offering to start trade talks and provide technical and material aid to the North. The offer was called "despicable and shameful propaganda."

The official daily Rodong Simun said Saturday that "if economic cooperation between North and South is to be a true one, it must presuppose the country's reunification and thoroughly serve it."

The report, carried by the Korean Central News Agency of North Korea and monitored in Tokyo, ridiculed the South for assuming it could help the communist North.

U.S. Study Urges Action on Acid Rain

WASHINGTON (UPI) — William D. Ruckelshaus, administrator of the Environmental Protection Agency, confirmed Sunday the urgency of a U.S. report on acid rain that recommended immediate action to counter pollution.

The report, written by an independent panel of scientists commissioned by the White House, was released earlier this month by Representative Norman E. D'Amours, Democrat of New Hampshire, who said the administration has suppressed the study since March.

Mr. Ruckelshaus said he had made several recommendations on dealing with the problem to the White House, but that the administration's position was that the issue needed more research to determine the precise causes and effects of acid rain.

Source of Falklands Papers Revealed

LONDON (AP) — A senior civil servant in the British Ministry of Defense has revealed to a newspaper that he leaked secret documents about the 1982 Falklands War to a lawmaker who is a member of the opposition Labor Party.

The documents, which appeared in the weekly New Statesman on Thursday, included an internal memorandum recommending that sensitive information on the sinking of the Argentine cruiser General Belgrano be withheld from a House of Commons foreign affairs committee.

The Observer newspaper in an early Sunday edition carried an interview with the civil servant, Clive Ponting, 38, an assistant secretary at the ministry. He was allowed bail after a London court appearance Aug. 18 on an undisclosed charge under the Official Secrets Act. Mr. Ponting told the Observer that he was accused of passing the documents to Tam Dalyell of the opposition Labor Party, who has pursued questions about the cruiser.

50% in Poll See IRA Role in Peace

LONDON (AP) — Fifty percent of people living in mainland Britain believe any attempt to solve the sectarian violence in British-ruled Northern Ireland must involve the Irish Republican Army, according to a London poll published Sunday.

Only 37 percent of people surveyed on the street from May 10 to 14 reject the suggestion that Prime Minister Margaret Thatcher should cooperate with the guerrilla organization fighting to end British rule in the province; 61 percent of people in England, Scotland and Wales favor giving the Republic of Ireland a say in constitutional changes in the province, and 17 percent agreed that withdrawing the British Army from the province would reduce violence.

The London-based MORI poll was commissioned by London Weekend Television for its series "From the Shadow of the Gun," a documentary that began Sunday about 15 years of violence in Ulster.

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مكتبة الأهل

AMERICAN TOPICS

They're Not Getting To Church on Time

More young Americans are letting marriage wait, possibly until they can get a jump on their careers, the Census Bureau reports. Three quarters of the men and more than half the women between 20 and 25 are still single, the bureau says. That compares with 68.8 percent of the same age group in 1980 and 54.7 percent in 1970. In its latest report the Census Bureau also said:

• Americans are once again forming new households at high rates after a dropoff in that trend last year.

• Slightly more unmarried couples are living together than a year ago — 1,988,000 couples now, 1,891,000 then.

• There has been major growth in families headed by women with no husband present. There are now 9.9 million of those households, or 11.6 percent of all households, an increase from 10.8 percent in 1980 and 8.7 percent in 1970.

• Traditional married couples continue to make up the majority of family households in the United States, but tradition is being eroded. The 50.1 million married-couple families constitute 58.6 percent of households, down from 60.8 percent in 1980 and 70.5 percent in 1970.

Ads for VW Beetle

Also Prove Winners

The Volkswagen Beetle became the best-selling automobile in history partly because of an advertising campaign that has been judged the best in the United States since World War II.

Created by Doyle Dane Bernbach, the ad campaign ran from 1959 until 1972, bringing wit and a touch of self-deprecation to a medium noted for its stiffness.

"Think small" was a featured line in the days of Detroit-engineered gas guzzlers. "It's ugly, but it gets you there," ran as the caption for a photo of the lunar-exploration module, letting readers make their own association.

Other winning ad campaigns, chosen by a panel of the trade magazine Advertising Age, included Leo Burnett's program for Marlboro cigarettes ("Come to where the flavor is") and McCann Erickson's for Alka-Seltzer ("Try it, you'll like it") and Doyle Dane's for Avis ("We try harder.")

Vietnam-Era Veterans Take On VFW Roles

The striking thing about the annual convention of the Veterans of Foreign Wars in Chicago last week was that veterans of the Vietnam era are coming of age in an organization many of them used to shun for its conservatism.

Billy Ray Cameron, of Sanford, North Carolina, is expected to be elected commander in chief. Mr. Cameron is the senior vice commander in chief, the first Vietnam veteran elected to a national leadership position in the organization.

More than 575,000 of its two million members served in Vietnam.

Mr. Cameron, 40, said that when many Vietnam servicemen returned home, they just wanted to forget about the

war, which was the United States' most unpopular in this century. "A lot of them just decided to hide." The resentment increasingly is being forgotten, veterans said.

Money-Back Offer Too Good to Pass Up

A student at Brown Mackie College has taken advantage of the school's offer of a tuition refund to graduates who do not get a job offer within four months.

The student has asked to get back \$7,495. So far, it is the only refund request.

"We went into this with our eyes open," said Earl Edwards, dean of instruction. "We felt that refunds would be inevitable, but we continue in our philosophy that if education is going to be accountable, this is certainly one way to make it happen."

The private business school made the offer in October. The students must prove they have tried to find a job.

Notes on People

Mayor Edward I. Koch is writing a column for three of New York City's small daily newspapers, The Advance, The New York Tribune, and El Diario-La Prensa. "It's an opportunity to get across my point of view," Mr. Koch said.

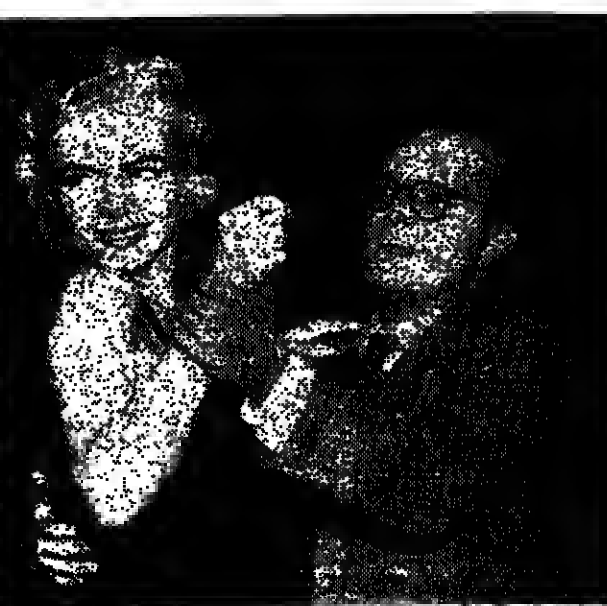
Hawaii's deputy attorney general has added another speculative to descriptions of the Pacific archipelago. Michael L. Laff says Hawaii is the nation's number one producer of illegal marijuana. "When watercress wholesalers for only 27 cents a pound, one can easily see how small growers can be enticed into this," Potent Hawaiian strains of marijuana have a street value of up to \$4,000 a pound.

"You can always tell an American ambassador," according to Brian Pakizad, "by his short pants and ruffled tuxedo shirt." The problem, says the custom designer of \$2,500 tuxedos, \$120,000 chinchilla bedspreads and various other accoutrements of expensive taste, is that Americans may simply do not care about how they look. "America needs a cabinet officer for its image," said the designer, who just opened a New York store to help customers who could not always get to Beverly Hills.

The latest king of the latest New York style, Enrico Vezza, who cuts the hair of some of the city's beautiful people. He works in a barbershop, not a salon; he uses a razor and well-trimmed, just as in days of yore.

Edward A. Coppage Jr., president of Progressive Apparel Inc., is the proud holder of patent 4,466,135, granted last week by the U.S. Patent Office, for a bullet-proof dress shirt.

State Department officials are concerned about Billy Graham's plans for another preaching trip to the Soviet Union. The evangelist expects to be there Sept. 9-21, with visits to Moscow, Tallinn, Novosibirsk and Leningrad. At the State Department, the concern is based on memories of his 1982 trip, when he said there was "a measure of religious freedom" in the Soviet Union.



Truman Capote, dancing with Marilyn Monroe in 1955.

Truman Capote Dies in U.S.; Author of 'In Cold Blood'

(Continued from Page 1)

much more intelligent and sensitive d. perceptive. I was having 50 receptions a minute to everyone's five. I guess that's why I uted writing.

Mr. Capote moved to New York, where he attended several private schools, but did poorly. He did not complete high school and detested never attending college.

"I felt that either one was or an't a writer, and no combination of professors could influence outcome," he said.

He traveled widely and lived much of the time with Jack

than a quarter-century, turning out short-story collections and nonfiction for Vogue, Mademoiselle, Esquire and The New Yorker.

Mr. Capote was co-author of the movie "Beat the Devil," with John Huston, and wrote the screenplay for a film of Henry James' "The Innocents." He turned his second novel, "The Grass Harp," into an unsuccessful Broadway play and, with Harold Arlen, wrote the musical, also unsuccessful, "House of Flowers." He also adapted a number of his stories, including "A Christmas Memory" and "The Thanksgiving Visitor," for television.

The FBI's front was an obscure company, operated from a suburban address, that offered to process and collect credit payments for clubs that could not obtain major credit-card services on their own.



Some of the 50 bodies that were found in mass graves in Ayacucho, in southeastern Peru.

20 Injured as Police Charge Protest In Lima Against Anti-Guerrilla Drive

LIMA — Peru's capital was under police control Saturday after at least 20 people were injured Friday when police charged a human rights rally that had been banned by President Fernando Belaúnde Terry.

The rally was called to protest alleged rights abuses in the government's campaign against leftist guerrillas.

It was the first time Mr. Belaúnde, whose 1980 election ended 12 years of military rule, had turned to the armed forces to preserve order in the capital.

Nearly 2,000 people, chanting "No more violence," were driven by security forces out of Campo de Marte park, where they had gathered for a march called by leftist groups, United Press International reported.

Police in armored vehicles equipped with water cannon chased small groups of demonstrators throughout central Lima as tear gas drifted into office buildings and snarled traffic.

The demonstration was called after investigators of the attorney general's office earlier in the week discovered 50 bodies in a clandestine cemetery in Ayacucho, in southeastern Peru, where Maoist guerrillas of the Sendero Luminoso, or Shining Path, are active. Many of the bodies bore marks of apparent torture.

Organizers issued a statement saying that the protest had been banned because the government wanted to cover up abuses during the four-year campaign against the guerrillas.

The statement, signed by a broad

spectrum of political and trade union leaders, including Lima's mayor, Alfonso Barrantes, said hundreds of people had disappeared or been tortured or killed during the campaign.

More than 3,500 people have died and nearly 1,000 are reported to have disappeared in the insurgents' battle to topple the Belaúnde government.

Javier Díez Canseco, a member of Congress who leads a coalition of three leftist parties, said he would propose a general strike to protest rights abuses.

Mr. Díez has accused security forces of killing the 50 people whose bodies were found.

Mr. Belaúnde said his decree placing the military in control of Lima had only been applicable Friday to dissolve a banned demonstration.

The president, before boarding a plane for Peru's second largest city, Arequipa, renewed his call for the guerrillas to lay down their arms so that he could lift a nationwide state of emergency. The emergency was imposed in the rebel stronghold of Ayacucho in October 1981 and throughout the nation in June.

Military Statement

The joint command of the armed forces issued a communiqué saying that it had good reason to believe that the 50 bodies found were those of guerrillas killed in battle. The Associated Press reported in Lima.

The command said it had arrived at that conclusion because it was the practice of the members of the Shining Path to carry off their dead after a battle. The joint command said the bodies were found in an

area of the military-controlled zone where government forces and insurgents had fought recently.

But the military command, which is in charge of 4,000 troops and police officers in the area, had reported no such clashes.

The joint command made no mention of the condition of the bodies, which showed signs of torture, according to reporters who accompanied the attorney general's investigators. The reporters also said that the hands of some of the victims had been tied behind their backs and fingers cut off.

The mass graves were found as the investigators looked into the case of a missing journalist, one of the 934 missing people who have been reported to the attorney general's office. Many of the complaints filed by relatives of the missing say the family members disappeared after being arrested by government forces hunting for guerrillas.

Mr. Belaúnde told reporters Saturday that he felt the joint command had explained the mass graves "in a conclusive way." The president also said he had indications that the missing journalist, Jaime Ayala, was alive and on a news assignment.

The secretary-general of the attorney general's office, Fernando Olivera, said Friday that none of the bodies in the graves had been identified. He said the condition of the bodies would make positive identification difficult.

Businesses were open as usual in Lima on Saturday and public transport was functioning. Police officers were the only security forces visible.

Colombia, Rebels Sign Truce In Bid to End Years of Fighting

By Alan Riding
New York Times Service

BOGOTÁ — The government has signed a cease-fire agreement with one of the country's principal leftist guerrilla groups in a new step toward ending decades of social and political violence.

The agreement with the guerrilla group, the April 19 Movement, also known as M-19, followed conclusion of a similar accord with two smaller rebel groups Thursday and with the powerful Colombian Revolutionary Armed Forces in March.

The signing Friday in the southwestern town of Corinto was delayed briefly after a police ambush in which four guerrillas going to the ceremony were wounded.

Colombia is the first country in the long history of Latin American leftist insurgency in which a government and a guerrilla movement have negotiated an armistice.

The government's peace moves have been criticized by conservatives as "rewarding" terrorism, but President Belisario Betancur has argued that more than 30 years of counterinsurgency had failed to crush the rebels.

The guerrillas' willingness to negotiate, on the other hand, implied recognition that they were not close to challenging for power. But they said it was now up to the government to show that change could come, as a Communist leader put it, "in ways other than military confrontation."

Under the agreement, the government has pledged to seek a congressional pardon for the rebels and to convene a "national dialogue" involving all political sectors, including the guerrilla groups, with a view to preparing political, economic and social changes.

The rebels have not been required to give up their weapons, but they have promised to cease all military activities this Thursday for an indefinite period. In the case of the Colombian Revolutionary Armed Forces, a one-year cease-fire went into effect May 28.

Colombia has been afflicted almost continuously by violence since early in this century. It reached its height in the civil war between liberal and conservative parties, which took about 300,000 lives between 1948 and 1958.

An amnesty in 1954 led thousands of combatants to give up

their weapons, but other rebel factions continued to operate even after the two main parties worked out a political settlement in 1958 under which, for 16 years, they would alternate in power.

By the mid-1960s new rebel groups appeared, following Soviet, Chinese, or Cuban interpretations of Marxism-Leninism. While they never posed a threat to the central government, the reluctance of the country's political elite to promote social change enabled the rebels to continue recruiting poor farmers and students.

Mr. Betancur's efforts to reach an understanding with the guerrillas has therefore required not only

18 months of arduous negotiations but also a stubborn effort to persuade both the public and the armed forces that peace was possible.

Despite this breakthrough, however, some violence is expected to continue. Two groups, the National Liberation Army, which is pro-Cuban, and the Ricardo Franco Command, which split from the Colombian Revolutionary Armed Forces, have refused to negotiate with the government and have sought to sabotage the agreements.

The Revolutionary Armed Forces are thought to be the military arm of the pro-Moscow Colombian Communist Party, although their longtime leader, Manuel Marulanda, clearly exercises considerable autonomy.

The police ambush that delayed the signing ceremony Friday in Corinto, also in southwestern Colombia, was the fault of "militarist sectors outside the control of the central government," according to an M-19 commander, Alvaro Fayad.

After all security forces were ordered withdrawn from the area, the cease-fire was formally concluded. The agreement was signed by the M-19 leader, Ivan Marino Ospina, and other guerrilla commanders here by members of a government peace commission.

Although several rebel groups are older, M-19 became renowned for a series of spectacular actions. These included the theft of the sword of Simón Bolívar, the 19th-century South American liberator, in April 1974. It still holds the sword.

M-19 also seized 42 hostages, including 15 ambassadors, at a reception in the Dominican Embassy here in February 1980.

The group proved skillful in attracting the attention of the press, projecting the image of a nationalist and reformist movement forced to take up arms by what it called the "intransigence" of the government.

M-19 gained widespread popular sympathy during the government of President Julio César Turbay Ayala, which left office in August 1982.

Since then, the group's popularity has been badly eroded by its often ambivalent responses to Mr. Betancur's peace initiatives. Its numerical strength has also fallen.

Feuding, Lack of Funds Force Rebels To Halt Raids in Southern Nicaragua

By Edward Cody
Washington Post Service

SAN JOSE, Costa Rica — The anti-Sandinist guerrillas on Nicaragua's southern border have halted their activities because of internal feuding and a drying up of funds, rebel leaders say.

Several thousand guerrillas have been left in Nicaragua's southern swamplands and forests with little ammunition or food, and are unable to do anything more than hide from Sandinist soldiers, according to rebels here.

Meanwhile, Edén Pastora Gómez and Alfonso Robelo Callejas, his former second in command in the Democratic Revolutionary Alliance, are competing for their loyalty with meager stocks of supplies.

As a result, the Nicaraguan Army has been relieved of the guerrillas' year-long campaign of harassment in the boggy north of the Costa Rican border and along southern stretches of the Atlantic coast.

This leaves the Nicaraguan Democratic Front, headquartered in Honduras and fighting in Nicaragua's northern mountains, as the only military challenge to the Sandinists.

"Our troops are hungry," said Brooklyn Rivera, an ally of Mr. Pastora who leads the Misurata group of Indian rebels. "They lack ammunition. They lack logistics. They are suffering horribly. Our ability to act has been reduced to almost nothing."

Mr. Pastora, who became famous as Commander Zero during the revolution that brought the Sandinists to power in 1979, has been forced to sell two small aircraft, about 20 vehicles and radio equipment to raise money for food and supplies, Mr. Rivera said. Costa Rican officials have cut off Mr. Rivera's office telephone because he is unable to pay the bill.

Mr. Robelo now leads the main

Democratic Revolutionary Alliance. But his quarrel with Mr. Pastora and Mr. Rivera has turned the group into an army without troops, since Mr. Pastora commands the loyalty of most of its forces in the field.

Because of this, Mr. Robelo's group is seeking to rebuild a force under a new military commander, Fernando Chamorro. Guerrilla sources said Mr. Chamorro, using farms in northern Costa Rica, has begun training several dozen men, some of them new recruits and others lured from Mr. Pastora's ranks.

Mr. Chamorro heads the small Nicaraguan Armed Revolutionary Forces, one of four groups within the alliance before it split. He has neither Mr. Pastora's experience nor his fame, but Mr. Robelo voiced confidence in his ability to form new troops.

Mr. Robelo, in an interview in San José, also said his group was supplying some of Mr. Pastora's men in Nicaragua with food in an effort to draw them over. Mr. Rivera said field commanders were still loyal to Mr. Pastora and himself, but would risk shifting to Mr. Robelo's faction if that became the only way to continue fighting against Sandinist rule in Nicaragua.

The disintegration of the Democratic Revolutionary Alliance resulted from Mr. Pastora's refusal to go along with a coordination agreement with the Nicaraguan Democratic Front. The accord, signed late last month in Panama City, designed to lead to unity between the two main groups fighting Sandinist rule.

Because of the agreement to join forces with the Nicaraguan Democratic Front, however, Mr. Robelo can look forward to renewed U.S. financing if the CIA obtains new funds for the fiscal year beginning in October. The agency received \$24 million this year but according to officials in Washington, spent its allocation by late spring.

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Vatican Renews Attack on Managua Clerics

United Press International

VATICAN CITY — The Vatican newspaper, L'Osservatore Romano, has repeated its criticism of four Roman Catholic priests serving in the Nicaraguan government, repeating the church's ban on direct political involvement by the clergy.

The criticism came Saturday in a front-page article written by the secretary of a Vatican panel that interprets canon law, the Reverend Julian Hernandez. It repeated numerous Vatican prohibitions against priests holding political posts.

"It is forbidden that prelates assume public office that involves participation in the exercise of civil power," he wrote. "You are priests and religious: you are not social officials, political leaders or functionaries of a temporal power."

The Nicaraguan education minister, the Reverend Fernando Car-

donal Martinez, said a week ago that he and three other priests did not intend to leave the government.

The others are Father Cardenal's brother, the Reverend Ernesto Cardenal Martinez, who is culture minister; the Reverend Miguel d'Escoto Bruckmann, the foreign

minister; and the Reverend Edgar Parrales, the ambassador to the Organization of American States.

A spokesman for Archbishop Miguel Obando y Bravo of Managua said this month that the Vatican had notified the priests that they must resign by the end of August.

John S. Schlesinger

hereby puts all concern on notice that any past adoptive legal relationship between him and his former wife's son Furio Pane Trumbetas has been completely terminated and severed by court decree.

Mr. John Schlesinger therefore has no responsibility for any acts, debts, or credit of said Furio and records this in this formal manner, nor does said Furio have any legal entitlement to use the name Schlesinger.

Herald Tribune

Published With The New York Times and The Washington Post

Canoeing With Reagan

In his rousing speech accepting the nomination, President Reagan kept coming back to a particular contrast. Four years ago, he said, inflation was high in America and unemployment was rising, but this summer inflation is much lower and the number of jobs is rising. The convention cheered wildly.

Mr. Reagan is making the economy the pivot of his campaign. Let us leave aside for the moment the Statue of Liberty, the repair of the Statue of Liberty, which party FDR belonged to, which party God belongs to and who thought of women first. For voters, as they contemplate the next four years, there are two central economic questions.

The first is how long the present surge of growth will continue. Perhaps Mr. Reagan really has found a way to break through the old limits, as he argues, and set the American economy on a wholly new course. And then again perhaps he has merely had the good luck to run for re-election in those halcyon few months between the point at which a big deficit begins to generate jobs and the less welcome point at which you begin to see the familiar effect on the inflation rate.

The second question is whether the Reagan method strikes you as fair. His tax cuts mainly helped the people with the most money; his budget cuts mainly hurt the people with the least. For the past generation there had been a fairly durable balance among economic classes in America. Mr. Reagan has tipped it in favor of the wealthy. The distance between the top and the bottom of the income scale is now widening for the first time since the 1920s.

The real magic in the original Reagan program was supposed to be the special design of the tax cuts. They were to provide powerful incentives for saving, investment and production. That was the supply-side formula for years of rapid economic growth without inflation. If the poor lost some of their government benefits, no matter; they would shortly be caught up to the rising stream of prosperity.

Some Republicans argue with bitter conviction that it will all still work. Maybe so. But you have to say that there is no sign of it so far.

Nothing has happened in the past four years that cannot be fully explained by the old economics — conventional, familiar and boring as it is. A long and harsh recession early in the Reagan administration brought down the inflation rate. Then a very large and growing budget deficit produced a strong recovery. There is nothing supply-side about that. It is pure Keynesian demand management, on a scale that no previous president had ever dared. As for business investment, savings and consumption, they are all just about where they were four years ago.

In Dallas Mr. Reagan was talking about further cuts in the tax rates. If he should win in November, the country might find itself living with huge deficits for quite a while. Is anything wrong with that prospect?

Yes, for several reasons. The deficits are keeping interest rates much too high. They hurt the kind of productive industrial investment that the Reagan program was originally intended to encourage. The high American interest rates are also sucking capital out of poorer countries, and making the stability of the dollar increasingly dependent on foreign investors. Meanwhile, the interest payments on the debt are compounding at a disquieting speed and are rapidly growing in proportion to the budget. Deficits on the present scale are not likely to be consistent with a steadily expanding economy for the next four years.

But most people are not eager to reduce spending much. For all of the talk about getting the budget down, the reality is that nearly everything it buys is popular. Most people are also out eager to come up with enough taxes to pay for it all. Mr. Reagan is telling them, pleasantly and with great assurance, that they don't have to. His position is that things will work out somehow, although he is a bit vague on the details. For the economy, four more years of that would be like riding over Niagara Falls in a canoe — an interesting experience, but one not entirely free of certain risks.

— THE WASHINGTON POST.

A Misuse of Religion

President Reagan's prayer breakfast speech in Dallas was a self-righteous assault on those who disagree with his dangerous, divisive mixing of religion and politics. Not content to debate the merits of difficult issues like school prayer and abortion, he professed to know the hearts and minds of his opponents, and he found them evil. Mr. Reagan has exceeded the bounds of tolerable debate.

He began with the truism that faith and religion figure prominently in U.S. political history. Before he was through he was claiming God for only his side and proclaiming the "real truth" that his adversaries are "intolerant" of religion and care only for the state.

Since his earliest days in politics Mr. Reagan has sought to exploit the fervor of some religious sects. The Reverend Jerry Falwell is only reaping his earthly reward when he is allowed a television pulpit to laud the Republican Party for its commitment "to the liberation of the unborn" and its standard-bearers as "God's instruments in rebuilding America."

But never has Mr. Reagan been so intrusive or so heedless of the rights of others to have their religious and political dissent construed in good faith. Apparently New York's Governor Mario Cuomo may not claim to be religious, the president scolded, "and a politician who spoke to or of them with a lack of respect would not long survive in the political arena."

Mr. Reagan's speech was a studied misreading of the sense in which "politics and morality are inseparable." The genius of the founding fathers was to keep the debate civilized, and all faiths free, by demanding state neutrality.

There are faiths in America that would brand Mr. Reagan a sinner and bar him from office for failing once to hold a marriage together. As he says, it is their right to hold that conviction. But do they have a right to impose it on every marriage and every faith? So, too, with abortion, and school prayer, and doing business on Sunday, or Saturday, or Friday. Why cannot so distinguished a beneficiary of American tolerance repay other faiths in kind?

The president is right to say that children would learn greater tolerance if they "studied together all the many religions in our country." Indeed, the Supreme Court has welcomed such social study as opposed to government-sponsored prayer in public schools. It hardly follows that if children prayed together — to different deities — they would "understand what they have in common."

What a misguided way for a party leader to keynote an "ecumenical" prayer breakfast. What an odd way to celebrate a campaign of political outreach. What an abuse of high office for a president to so insult the motives of citizens protected by the Bill of Rights of the Constitution he is sworn to uphold. This trespass into the moral realm was a blatant attempt to divide Americans. And that, in the civic, secular sense of the word, is a sin.

— THE NEW YORK TIMES.

Other Opinion

Political Manipulations in India

Indira Gandhi makes no secret about wanting to see her son Rajiv follow in her footsteps to become prime minister of India, just as she succeeded her father, Pandit Nehru. Nothing wrong with that, of course; but her political manipulations in pursuit of this dynastic dream are now so blatant that they threaten to tarnish her great country's image as a true democracy. The cynical overthrow of N.T. Rama Rao, the chief minister of Andhra Pradesh, has rightly shocked leaders of opinion in India. This action, which follows previous "topplings" in Kashmir and Sikkim, was plotted while the luckless Rama Rao lay upon the operating table for open heart surgery. Mrs. Gandhi denies any complicity, but she is a brilliant behind-the-scenes political operator and her Congress Party has not pulled its punches in the run-up to the general election. The latest move could rebound on Mrs. Gandhi. Mr. Rama Rao has acquired the status of a national figure, and the once divided opposition is rallying behind him. It may be argued that the way India plays its politics is no concern of ours. However, Mrs. Gandhi presumes to speak for more than two-thirds of the population of the Commonwealth and also puts herself forward as a true leader of the developing world. Others are watching to see the political precedents she seeks to create.

— The Observer (London).

Mrs. Gandhi appears to have a double standard in assessing separatist threats at home and abroad. To appeal to Margaret Thatcher and Ronald Reagan, she implored them to put pressure on President Jayewardene so that he will negotiate with the Tamils. Ever quick to exploit a crisis for electoral gains, Mrs. Gandhi perhaps sees in the Sri Lanka gambit the opportunity to gain support in Tamil Nadu the same way she won back massive Hindu support after the Golden Temple exercise.

— South China Morning Post (Hong Kong).

FROM OUR AUG. 27 PAGES, 75 AND 50 YEARS AGO

1909: Revolution Spreads in Yemen

ADEN — The revolutionary movement in Yemen appears to be rapidly spreading. It is reported that Lohia has been occupied by followers of the Mahdi. The Italian gunboat Volturino remains at Hodeida in view of the disturbances there. The Mahdi is reported as having 50,000 followers with him and several thousand rifles. The tribe Beni Zaida has denounced its chief to the Mahdi, owing to his noncompliance with the prescriptions of the Sharia after some fighting among the tribe, during which the chief's son was killed and his property looted. The chief escaped to the neighboring Turkish fortress, which was attacked, and serious fighting followed, many Turkish soldiers being killed and wounded.

1934: Champlain Honored in Canada

ON BOARD THE S.S. CHAMPLAIN — One of the most spectacular ceremonies in connection with the celebrations of the 400th anniversary of Canada took place [on Aug. 26] on the heights of the village of Gaspé, overlooking the St. Lawrence, where Gaspar, the French explorer, planned one of his crosses 400 years ago. A huge granite cross was unveiled in the presence of the Right Hon. R.B. Bennett, the Canadian Prime Minister, the Lieutenant-Governor of the Province of Quebec, the French, British and American official delegations, and thousands of visitors. Speeches were made by the Canadian Premier and Pierre-Etienne Flandin, Minister of Public Works, representing the French government.

Reagan Is a Useful Bogeyman

By Robert G. Kaiser
This is the first of two articles.

MOSCOW — Imagine a child running into its parents' bedroom in the middle of the night shouting about a bogeyman with long teeth and fingernails that he has just seen, presumably in his dreams. Then imagine looking up and actually seeing that bogeyman walk into the bedroom. Something like this has happened to the Russians.

Instead of a bogeyman, the Russians have Ronald Reagan. President Reagan is the imperialist devil that Soviet propagandists have always warned the Russians about, oom come to live in the White House.

When I lived here 10 years ago, in the era of détente, that devil was depersonalized — indeed, he lost all human characteristics. The real-life imperialists (Western leaders) then on the world scene enjoyed reasonably good reputations in Moscow. They were described in neutral or friendly terms in the Soviet press.

For example, in Pravda on Aug. 11, 1974, the bad guys were referred to only as "certain circles" in the United States that did not join in the "very wide public support" in America for Soviet-American détente. The good guys of those days included the president of the Bank of America, the new president of the United States, Gerald Ford, and his secretary of state, Henry Kissinger. All were to be regarded as supporters of détente with the Soviet Union, Pravda instructed its readers 10 years ago.

But in Pravda this past week, too Western leaders were described in favorable terms, and there was no need for vague references to inimical "circles" in the West. Why be circumspect when "R. Reagan" and his administration can be cited by name?

And plenty of citations there were! Every day since he cracked it, Pravda and the other Soviet papers have carried articles on Mr. Reagan's "joke" about outlawing Russia and beginning the bombing in five minutes. "I think we should continue with it," one Soviet official said of this propaganda barrage.

Clearly, Mr. Reagan's quip gave Soviet propagandists a windfall they could not resist — "proof" that he was indeed the very monster they had been describing to their readers for more than three years. "He has done

a great favor for our propagandists," another Soviet official observed, and "someone ought to thank him."

Americans have never been good at imagining how their words sound to others, particularly Russians. We expect the world to understand what we say the way we understand it.

The Soviet leadership, nonetheless, has a problem in its own domestic propaganda. It asks the people to understand the zig and zag of the party line and of world events just the way the leadership wants them understood at a particular moment. The result can be truly Orwellian: One day Oceania is the enemy, the next day Oceania is a close ally, just as it was in the book "1984."

Ten years ago, détente — what the Russians called "the relaxation of international tensions" — was described here as a fundamental change in world politics, a permanent change that marked the Soviet Union's arrival as a genuine superpower. Pravda

commented in August 1974: "The process of international relaxation is first of all the result of objective conditions, the changing correlation of forces in the world in favor of socialism, peace and social progress." To other words, according to Pravda, we are so much stronger now that the imperialists have to be nice to us.

That analysis contained a deep pitfall, and the leadership has now fallen into it. If détente was a reflection of the increased strength of the Soviet camp, then doesn't the subsequent — and, as it looks in retrospect, speedy — demise of détente indicate that the "correlation of forces" has shifted again, abruptly to the disadvantage of the Soviet Union?

Either that is the case or the leadership's original explanation of détente was incorrect. Either way, Soviet citizens have grounds for wondering what their leaders did wrong.

The leaders must understand this. Their behavior suggests that they do. They are reverting to old instincts, putting the wagons into a circle, deliberately scaring the populace.

The Washington Post.



IN this Pravda cartoon of last Sept. 7, as distributed by The Associated Press, President Reagan is depicted brandishing slogans that proclaim a crusade against communism (a swastika dangles from this slogan), call for an embargo of the Soviet Union and declare a "Soviet threat." The figure's right arm, labeled "provocation," represents a snake whose tongue spells "CIA."

Together the Nations Must Relieve Africa

By Robert J. McCloskey

The writer, a former State Department official, is a senior vice president of Catholic Relief Services.

WASHINGTON — It was an audacious challenge — "that within a decade no child will go to bed hungry" — put by Secretary of State Henry Kissinger to the World Food Council 10 years ago, in the aftermath of severe famine in the Sahel and Bangladesh. For reasons that might be debated interminably, the agenda of 1974 went unfulfilled.

Today we confront a situation that is both desperate and perverse: desperate because more than 100 million people face starvation; perverse because, we are told, there is a world food supply sufficient to feed everyone on Earth. The numbers going to bed hungry have multiplied, as we see most graphically in Africa.

The assessment that there is enough food to feed all the hungry implies the best of possible worlds. The real world, with its projections for huge population increases continuing into the next century, is what must be faced.

There can be no serious dispute about the magnitude of need in Africa today. The World Food Program estimates a shortfall of 1.3 million metric tons of food, which will affect the lives of 150 million men, women and children in the sub-Saharan region. And the problem goes beyond food. Famine and malnutrition give way to diarrhea, dysentery, measles, meningitis and malaria, which become epidemic as people crowd together in search of sustenance.

The massive strain that these conditions put on existing health services requires that outreach projects in public health be integrated into assistance programs. In addition, recuperation centers need to be established for the treatment of marasmus and kwashiorkor, the most serious caloric and protein deficiencies among children.

For the coming months, the greatest needs will be in eastern, central and southern Africa, with

the most severe conditions continuing to affect Ethiopia and Mozambique. Deteriorating situations are spreading famine in Kenya, Lesotho, Zimbabwe and Tanzania. Inadequate rainfall afflicts Somalia, Rwanda, Burundi and parts of Kenya and Tanzania. Elsewhere in Kenya, the rains arrived too late to affect harvests.

The African crisis did not surface this year or last. It has been growing throughout the decade, and it will be there for years to come. If it is to be met, if the poor and hungry are to be permitted to rise above their ordeals — brought about by natural disaster, refugee flight, shifting priorities of donors, political decisions that too often override humanitarian concerns — governments will have to act with determination.

Earlier this year the U.S. government provided for \$150 million in emergency food aid. This was an encouraging action, but we must go on. For 1985 at least an additional \$225 million in commodities and dollar assistance to meet inland transportation and distribution costs will be needed worldwide, mostly in Africa. Catholic Relief Services is currently distributing 90 percent of the food available to private agencies there. We could handle significantly more, provided the time required for approval, shipment and funding support is markedly tightened.

Donor countries must take a longer look. Effective planning that results in basic changes requires a sound strategy and reliable access to resources over an extended period.

We and others believe that increased use of "block grants" would lead to more efficient food-

assistance planning and more developmental impact. With an assured supply over a predetermined time, commodities can be used as part of a comprehensive program designed to achieve both short- and long-term objectives more effectively than the current year-to-year programs.

There are valid concerns that feeding programs may exacerbate the problem they try to solve, by creating dependency and weakening production incentives. That is why we and others involved in such programs believe that they must be designed to produce change, addressing not only the presence of hunger but its causes as well. To this end, the strategy of Catholic Relief Services in Africa and elsewhere is directed toward income self-sufficiency and food security for the family unit, in the belief that it represents the most cohesive force in any society. That force has persisted where governments have failed.

Immediate relief is only part of the equation. Few people in Africa or anywhere else want to live by handouts; most want to be able to provide for themselves and their families. It is a matter of simple human dignity. If the countries of Africa are to escape the bondage of famine, they must develop the capacity to feed themselves.

To comprehend Africa's reality is to demand magnanimity from advantaged governments. Political suspicion or bureaucratic inertia cannot be tolerated as excuses not to act resolutely.

The willingness of developed countries to act with significant infusions of food and technical aid will have to be matched — as was earlier the case in Asia — by firm commitments on the part of African governments to more enlightened political and economic policies. To pass through the barriers to more productive futures, donor and recipient will have to go arm in arm.

The Washington Post.

If Your Remark Is News It Isn't Off the Record

By Sam Zagoria

The writer is ombudsman at The Washington Post.

WASHINGTON — Among the three most used — and abused — words in Washington are "off the record." They can damage further U.S.-Soviet relations and revive the old dispute of abuse, as President Reagan learned, or they can rub sand in candidate-reporter relations, as vice presidential candidate Geraldine Ferraro has found out.

President Reagan thought he was only making an "off-the-record" crack when he talked about bombing Russia. Unfortunately for him, the joke was spoken into a live microphone and tape recorder, and it turned into a major event.

To him it was a joke. To Western Europe and to Russia it was the leader of the Western world talking casually about ousting another superpower into atomic particles.

Said Sir James Eberle, director of the Royal Institute of International Affairs in London: "One wishes to God — and I think this goes for most Europeans — that it hadn't happened. For most people it wasn't itself a gaffe of huge proportions. But it reinforced the caricature of Reagan that many people have built up."

Suppose Soviet President Konstantin Chernenko had joked about bombing the United States? Murray Marder, a reporter for more than 40 years and a Washington Post diplomatic correspondent, in Washington and abroad for many of those, predicted that the incident would, like Nikita Khrushchev's "We will bury you," outlive many more thoughtful U.S. policy statements. "The one-liners are the ones that zing into history," he said.

Philip M. Foisie, executive editor of the International Herald Tribune,

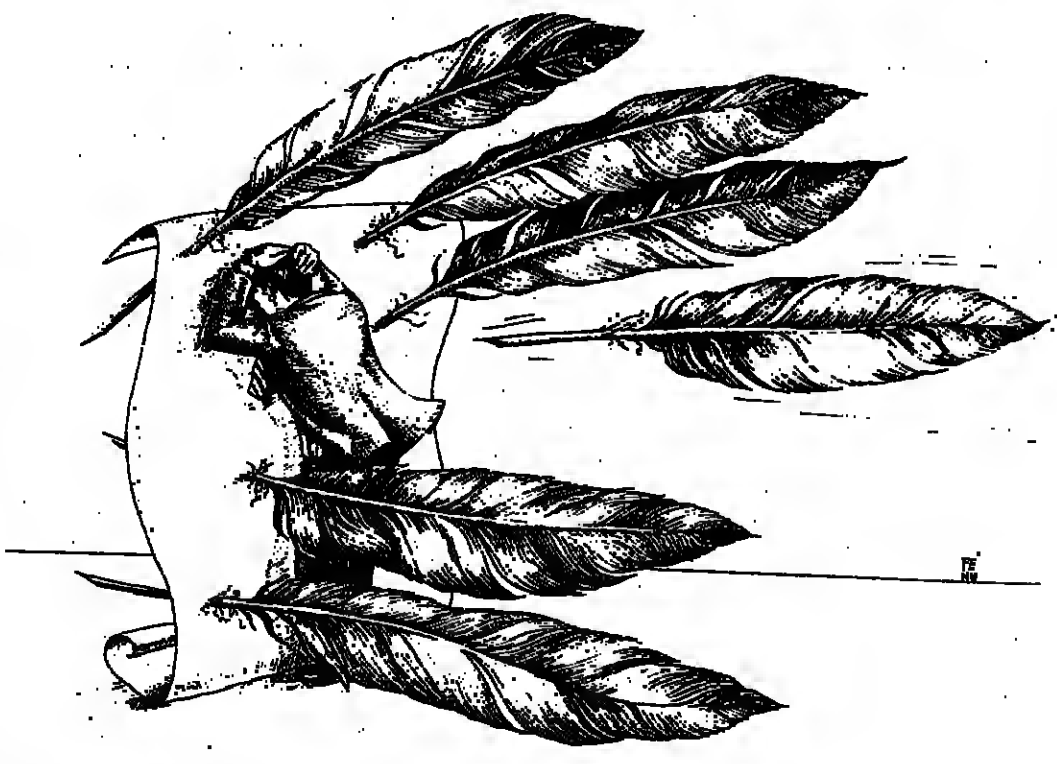
said that public figures like President Reagan tend to think only of U.S. listeners when they speak, overlooking the fact that such words circle the world and do affect international relations. "A president has to choose his words carefully," he said.

I think there is much too much use of "off the record" in public life. I believe it is often an intellectually dishonest device because most of the time the person using it is, at best, hoping to make a few goodwill points with a reporter or, at worst, is planting an idea in the expectation that it will somehow filter into the public dialogue, and if it proves inaccurate the source will have no responsibility.

"Off the record" is a security blanket, a mark of cronyism between news reporter and news source, and it tends to violate the line separating the functions of both. "Off the record" encourages a coziness so that some politicians begin to expect reporters to "protect" them when they make a slip; it encourages reporters to offer advice to campaigners. It inflates the ego; it deflates integrity. There are a few exceptions when it is warranted, but very few.

Washington Post columnist Hobart Rowen recalls President Johnson chiding a reporter for her failure to report a story he had told her. She replied, "But you told me it was off the record." Mr. Johnson responded emphatically, "But that didn't mean you couldn't write about it."

U.S. presidential politics this year has brought the Reverend Jesse Jackson and Representative Geraldine Ferraro from relative obscurity into an arena of meticulous coverage. Close relationships with reporters who may even have been personal



LETTERS TO THE EDITOR

That 'Joke,' Continued

Why do we have to see front-page articles for two weeks about an off-the-record joke that never should have been published in the first place? The journalists who reported this radio test to the whole world committed as serious an error as Mr. Reagan himself in uttering it.

GARY METZGER,
Clermont-Ferrand, France.

In his opinion column "A Warning: Reagan Is Over the Hill" (Aug. 20), John B. Oakes does his best to insult the man who has stopped Soviet expansionism and made America strong. President Reagan did not say that the only good Russian is a dead

apparently determined to test its space weapons as part of its plan for the militarization of space.

Finally, we are undeviating in our hope for an overall ban on nuclear weapons tests. This, too, was blocked by America, when it walked out of talks with Britain and the Soviet Union in 1980 and when refused to ratify agreements in 1974 and 1976 on limiting underground tests.

Our commitment to arms reductions is also amply clear. We believe that the best and most realistic reductions are those we proposed last year

The Soviet Union and the United States can take steps to give mankind a guarantee against nuclear war.

in Geneva. This agreement would take account of the structure of each side's arsenal and would produce a 25-percent reduction on both sides.

As for political measures, in 1982 the Soviet Union took the unilateral step — we hoped America would follow our example — of pledging never to be the first to use nuclear weapons.

We have also suggested an international code of conduct for the prevention of nuclear war: 11 calls for a general pledge of no first use, accompanied by a freeze and by measures to toughen nonproliferation agreements, particularly those that apply to the militarization of space.

What has impeded the implementation of these goals? The short answer is the absence of reciprocity — the U.S. reluctance to accept a few basic principles of disarmament.

The first and most basic is the principle of parity and equal security. It calls for equality and respect for the security interests of the other side. Without this, it is impossible to hold a serious dialogue on disarmament.

In fact, however, all of Washington's strategic doctrines give priority to the task of surpassing the Soviet Union. Americans constantly forget that the Soviet nuclear buildup has invariably been in reaction to U.S. escalation. Since the war, we have been catching up — with American A-bombs, intercontinental missiles, nuclear-powered submarines, multiple warheads and cruise missiles. In Europe we only began to deploy SS-20 missiles after NATO decided in 1979 to modernize its nuclear arsenal.

The second principle is that politics is the art of the possible and diplomacy is an instrument of rational adjustment of mutual interests with a view to reaching a mutually acceptable compromise. The current arms control deadlocks — would that they be merely pauses — are clearly caused by the Reagan administration's rejection of this principle. In our view, Washington is committed to the politics of confrontation — particularly the creation of patently unacceptable faits accomplis.

Yet, even in the absence of new negotiated agreements, we believe that the Soviet Union and the United States, East and West in general, can take steps to give mankind a guarantee against a nuclear war.

Three measures come to mind: a pledge of no first use, a treaty between NATO and the Warsaw Pact on the non-use of military force and a freeze on existing nuclear arsenals.

The third round of the European disarmament conference, opening in Stockholm in September, will show to what extent the Soviet Union can hope in the near future for American partnership in giving the world a guarantee against the unthinkable.

The New York Times.

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LETTERS

(Continued from Page 4)

rolling in the aisles over White House jokes about cancer, starvation and the plague.

BEN LANE
Solentuna, Sweden.

When Soviet leaders declare that they will "bury" the West, they are not joking. Perhaps Mr. Reagan was not joking either, in any case he expressed the ardent wish of the world's freedom-loving people for an end to the Gulag. He should gain, not lose, votes as a result.

G.R. HASTINGS
Brussels.

Michael Harbottle (Letters, Aug. 17), deploring President Reagan's bomb-Russia joke, is typical of those who are easily outraged by American deeds and words but ignore what the Russians do and say. The announcement a few months ago that Soviet submarines would be moved closer to America's shores so as to reduce missile-target flight time seems to me to be a threat far more serious than Mr. Reagan's off-the-air joke.

Let the unanimous chorus that has risen to chastise his anxiety about Mr. Reagan's utterance take heed. When at an early hour Winston Churchill repeatedly urged the Western democracies to take a firm stand against the empire of evil that was then threatening civilization, his good countrymen were eager to echo the "decent German" Hitler in denouncing Churchill as a dangerous warmonger.

True, Americans probably do have a safer option of withdrawing in splendid isolation and abandoning the rest of us. I therefore applaud idealists like Ronald Reagan whose hearts bleed for those victimized by both black and red fascism. The danger does not lie with these uncompromising opponents of tyranny, but with the dreamers who are lured by visions of cheap détente or "peace for our time."

KOEN KOP.
Leiden, The Netherlands.

Mrs. Gandhi Demurs

Regarding "Gandhi Said to Cite U.S. Role in Unrest" (Aug. 7):

We have seen a news item in your newspaper stating that the Indian prime minister, Mrs. Indira Gandhi, had accused a Washington-based agency of involvement in the Sikh extremist movement. We would like to clarify that Mrs. Gandhi has categorically denied that she had cited American involvement in this regard, as stated by her official spokesman, reads as follows:

"The prime minister has been incorrectly quoted in reports (as charging) a Washington-based espionage agency with abetment of separatism in Punjab. She was only reiterating what she had often stated earlier, namely, that separatist movements have their origin and support from abroad. She made no reference to any support by any government agencies but cautioned people to be vigilant about dangers of secessionist movements instigated from abroad."

S. TRIPATHI
First Secretary, Information,
Indian Embassy,
Paris.

Germans West and East

Regarding "The Germans: Trying Reunification on the Sly" (Aug. 14) by William Safire:

As an admirer of American political journalism, I was amazed by this emotional article. William Safire should re-examine his preconceived and pre-1945 ideas about Germany and look into reality before writing statements that will mislead readers and other media-makers as well.

For the vast majority of West Germany's younger generation (the bulk of today's population), East Germany is a distant country. We grew up, studied and spent our vacations in an open West European group of countries. Those who play with the illusion of trading this for a so-called common national identity together with a German-speaking territory that has become so different are a small minority with their minds in the past, like (in the opposite direction) the separatists in Spain or France.

A policy that tries to make the border between the Germans a little bit more like a normal border, if this is possible on the division line between East and West, has as little to do with reunification as economic agreements with Austria have to do with a hypothetical policy toward a new "Anschluss."

ERIK BENNEWITZ.
Munich.

Agreement After Dikko

Regarding "Abduction of Dikko Illuminates Split Between Nigeria's Muslims, Christians" (Aug. 14):

The attempted abduction of Jmari Dikko to Nigeria was welcomed because we all felt the pain afflicted by the government of which he was a member.

Secondly, Nigeria has had four

Christian and two Muslim heads of state since independence. Both Christians and Muslims have fought the war to keep Nigeria one.

STANLEY IKPEFAN.
Gaillard, France.

The Logic of Cold War

The editorial "Forgery as Foreign Policy" (Aug. 10) demonstrates how far the New Cold War has gone to embrace the press, just as the Cold War before it nearly eliminated independent press opinion for many years.

How is it that the assertions of an FBI director and an attorney general in the Reagan administration amount to a "convincing" case that the KGB forged and sent racist letters to various African and Asian Olympic committees?

Recall that the FBI has a poor record for telling the truth, having lied repeatedly to the public about domestic spying. Recall, also, that the current administration has repeatedly issued flimsy and obviously trumped-up documents and statements about such things as the mining of Nicaragua's harbors, the purposes of the famous airport runway in Grenada, and Soviet involvement in Central America.

And terrorism? The Soviets hardly have a monopoly on it. The CIA toppled the governments of Guatemala (1954) and Chile (1973) and is now engaging in terrorism in Honduras, against Nicaragua. We do not have any monopoly on virtue.

Ultimately, the editorial reads like any Tass distributive against America: The entire case is made by a prior condemnation of anything the Soviets do ("Tass, which has abundant reason to cover up"). It pardons U.S. officials for refusing to provide proof to the public. Someday like the Kremlin, huh?

MICHAEL STORPER.
Paris.

Because of This or That

The report "Malaysia Bars Jewish Composer's Work" (Aug. 11) brought to my mind, in these Olympic days, Hitler's refusal to shake hands with Jesse Owens in Berlin just because he was black.

MYRIAM FRERE.
Brussels.

A Heavy Lunch

Your review (Aug. 7) of the Hilaire Belloc biography recalled an interview I had in the late 1930s with John Barrymore. When I asked him what his most memorable luncheon had been, he answered instantly: "In London. It began about 1 p.m. and ended around 7. The others at the table? Hilaire Belloc, G.K. Chesterton and H.G. Wells." Some lunch.

GORDON GASKILL.
Rome.

Japan and the Whales

We welcome the editorial comment "A Moratorium for Whales" (Aug. 20), and particularly its conclusion that Japan should accept the moratorium on commercial whaling, which takes effect in 1986.

It is not correct, however, to portray this decision as a "shock for a country that depends on the seas for its protein." While meat contributes less than one-tenth of 1 percent to Japan's protein consumption, and the International Whaling Commission decisions per se have no bearing on Japan's other, non-whale fisheries.

Also, the editorial overlooks important scientific aspects of the IWC's moratorium decision. Recent work within the commission's scientific committee has revealed the extreme inadequacies of the science underlying the commission's management efforts. It has been found, for example, that a population decline cannot be detected for years, even if it is serious. Methods of assessing fish resources are not applicable because of the vast differences in rates and patterns of reproduction and natural mortality: A whale has one calf every two years at most, whereas one female fish lays millions of eggs every year.

In 1982, when the moratorium decision was adopted, the scientific committee found for the first time that it could not make a recommendation against a moratorium.

It was the above findings that resulted in the decision to adopt a moratorium, not simply the recent involvement of new, conservation-minded members of the IWC, as your editorial implies.

It must be pointed out that among the countries which swelled the membership of the IWC were Japan's client whaling states, such as Peru and Chile, which were brought in to "legitimize" their trade in whale meat and to give Japan a supporting bloc of votes.

Peres Given More Time to Negotiate With Likud

JERUSALEM — Shimon Peres was granted a 21-day extension Sunday to form a coalition government to end Israel's monthlong political deadlock.

Mr. Peres had appealed to President Chaim Herzog for the additional time after negotiations with the deeply divided parties in the Knesset, or parliament, failed to produce an agreement.

Mr. Peres said his Labor Party would continue to concentrate on forming a coalition with the Likud bloc, saying negotiations between the two parties had made progress.

Mr. Peres was given the mandate of putting together a coalition after his party won 44 seats in the Knesset in July elections. The second-strongest showing was by Likud, which won 41. Thirteen other parties shared the other 35 seats. A successful coalition would need a total of 61 seats in the 120-member Knesset.

If Mr. Peres fails, the task of forming a government could fall to the caretaker prime minister, Yitzhak Shamir, of the Likud bloc.

Mr. Peres said Labor and Likud had agreed on major areas such as the economy, Israeli troops in Lebanon and foreign relations. He said they are still divided on the subject of Jewish settlements in the occupied territories and on who should be prime minister. Mr. Shamir has suggested a rotation system.

Israel's economic situation continues to deteriorate and economists have warned that further delay in forming a government could be perilous.

Officials of the Central Bank recently said it was vital for the government to cut its budget by about 10 percent to halt escalation of the \$23-billion foreign debt and a dangerous drop in foreign currency reserves.

Finance Minister Yigal Cohen-Orad has prepared a program of spending cuts but his cabinet colleagues as the caretaker administration lacks the authority to carry it out.

Union leaders have rejected Mr. Cohen-Orad's pleas to negotiate a new wage package that he says would allow him to try to rein in the country's 400 percent annual inflation. The unions said they would not negotiate with an interim government unable to make long-term commitments.

Saudis Assert Waters Are Free of Mines

RIYADH — Saudi Arabia has declared that its territorial waters used by commercial ships are free from mines.

The Saudi Press Agency quoted a Defense Ministry official on Saturday as saying that French, U.S. and Saudi minehunters found "metal residues of ships" but no mines. The 10-day sweep of Saudi waters has "nearly ended," the official said.

U.S., French, British, and Egyptian ships continued to search other areas of the Red Sea, the Gulf of Suez and the Suez Canal for the cause of explosions that have damaged 19 vessels since July 9. The last reported blast was July 15.

Four Italian ships were scheduled to arrive on Tuesday to join in the sweep.

U.S. Navy experts said they believe the mines are small and on the seabed. British and U.S. forces have been scanning with sonar equipment, trying to recover a mine to study it. Once the type of mine has been identified, there will be an attempt to detonate them, the navy experts said.

The unidentified Saudi official was quoted by the Saudi Press Agency as saying, "The Saudi navy had set out to defuse mines when vessels plying the Red Sea reported suspicious objects. But none of those reports turned out to prove the existence of mines and most of the reports turned out to be metal residues of ships."

There has been no indication how long the minesweeping operation will last. Some naval personnel involved have said it probably will continue for weeks.

Egypt has called Libya the prime suspect in the mining, although the Egyptians acknowledge they have only circumstantial evidence to back up their claims.



A bus crosses the Allenby Bridge, which links Jordan and the Israeli-occupied West Bank.

Over the Jordan, the Guns Are Quiet

Israelis Keep Wary Eye on Visitors at West Bank Crossing

By James Feron
New York Times Service

MEHOLA, Occupied West Bank — In the hot, arid valley along the Jordan River, Israeli and Jordanian soldiers watch each other through binoculars. Between the soldiers, farmers peacefully till the land.

The cease-fire line is quiet and that is the way the Israeli and Jordanian commanders want it. Once in a while something does happen — last month two rockets came crashing into Israeli territory — but such drama is an exception.

"We have no problem with Jordan," a high Israeli officer said. "When the rockets came in we knew what happened," he added, implying that Syrian guerrillas had evaded Jordanian patrols to fire across the river.

At the Allenby Bridge, which was crossed last year by more than a million West Bank residents, visitors and tourists, the Jordanian and Israeli commanders cooperate easily from opposite ends of the small steel span.

Technically, Israel and Jordan are still in a state of war, but the days when armed groups of Arabs waded across the shallow stream to carry the battle to the occupation troops are past.

Israel's defenses along most of the river consist of minefields, an electronic fence, a radar strip that shows footprints, a paved road for vehicles, a line of two dozen civilian settlements and a mountain range dotted with equipment to fight a major battle.

From both banks of the Jordan, farmers pump water to irrigate their crops. They use similar techniques.

"We see them using plastic covers," said an official of the Jewish National Fund. He was referring to a drip irrigation process Israelis first used in the Negev desert, in which water is released slowly to drip on plants under plastic sheets, reducing evaporation.

Israeli military sources say Jordan has a modern army along the river. "Not big, but modern," an official said, "especially in terms of air defense."

Although there is peace along the river, security inspections are still rigorous for travelers and products. At the Allenby Bridge, more than 13 million crossings have been made, since the Jordan River bridges were reopened after the 1967 war. Initially to permit the movement of West Bank fruit and vegetables to traditional Arab markets and then to permit Arab residents and visitors to come and go.

The small customs sheds have been replaced by large structures. Every item is carefully examined and body searches are conducted.

Toys carried by travelers from Jordan are usually turned over to drivers of taxis or buses to be taken back to Amman. "We found that they were being used to test our



"We have to remember," he added, "that a tank can get from the bridge to Jerusalem in 30 minutes, a helicopter in 7 minutes, and that Jordanian artillery could reach Jerusalem's outskirts."

The Israeli commanders, who are less frank when discussing their own military strength, made two other points: that King Hussein will not rule forever and that the Israelis must consider the aftermath of the war between Iran and Iraq.

"Whoever rules Jordan will try something if he thinks he has a chance to win," an Israeli officer said. "And we have to think about the first few days. In the 1973 war, Egypt and Syria did whatever they did to us in the first few days."

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polls show younger U.S. voters move toward Republican Party

DALLAS — The oldest president in American history has fathered a youth movement in his party.

President Ronald Reagan, 73, is far more popular among the under-25 set than among members of his age group, and young Americans are identifying with the Republican Party in large numbers for the first time since the 1960s, according to recent public opinion polls.

The same trend shows up among slightly older voters. According to the latest Gallup Poll, 27 percent of voters under 30 identify themselves as Republicans, up from 18 percent in 1980 and 15 percent in 1974. Meanwhile, both Democrats and independents have lost strength slightly.

The movement toward the Republicans continues into the Watergate and Vietnam generation, a group once thought of as staunchly loyal to the party. Recent surveys by Robert Teeter, a Reagan pollster, show that, among voters aged 25 to 39, 4 percent more consider themselves Republicans than Democrats.

Democrats still have an edge over Republicans among those under 30 (36 percent to 27 percent in the Gallup findings), and more than a third of the voters in that group consider themselves independents.

The stakes are high. There are about 93 million Americans under 44 — enough potential voters to alter the shape of the nation's politics for decades.

Letter From Chernenko Is Published Amid Speculation About His Health

The Associated Press

MOSCOW — The Soviet news media have published a letter to anti-nuclear campaigners from President Konstantin U. Chernenko. There was speculation that the release of the letter was meant to counter rumors about his health.

Mr. Chernenko, who is 72, has not been seen in public since early July, and Tass announced July 15 that he was going on vacation. There were unconfirmed reports circulating in Moscow last week that the president had returned to the capital for medical treatment.

Tass carried the letter, from Mr. Chernenko to municipal officials from Western countries who are campaigning to make their cities nuclear-free zones, but it did not say when the letter had been written.

Tass said the letter was a reply to John Hetherington, the mayor of Manchester, England. It said municipal officials from Britain, the Netherlands, Ireland, Italy, Spain, West Germany, the United States, Japan and New Zealand had taken part in a conference in Manchester

in April and had appealed for expanded nuclear-free zones.

"The establishment of nuclear free zones is an important direction in the struggle to enhance security," Mr. Chernenko wrote. "Such zones are not a utopia" and should be established in northern Europe and the Balkans as well as in central Europe in an effort to do away with medium-range and tactical nuclear weapons, he added.

Ship Fire Put Out After Iraqi Attack

BAHRAIN — Salvage crews have put out a fire aboard a Cypriot oil tanker hit by an Iraqi missile in the Gulf, shipping sources said.

The fire aboard the 31,280-ton Amethyst, abandoned after it was apparently struck by an Exocet missile about 60 miles (97 kilometers) south of Iran's main oil terminal of Kharg Island, was put out Saturday by at least four tugs. It was the fourth foreign vessel to be attacked in the Gulf in less than three weeks.

Lloyd's of London said that an oil slick had drifted southeast from the Amethyst and that some of it had caught fire. But the sources said they believed the leak from the tanker had been stopped. There were reports that one member of the crew of four Greek officers and 28 Filipino seamen was missing.

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U.S. Is Said to Ask Israel For an Austerity Plan In Exchange for Aid

By Don Oberdorfer
Washington Post Service

WASHINGTON — Reagan administration officials have begun extensive studies and informal diplomatic discussions on new large-scale aid for Israel's economy.

But sources say the officials have informed Israel that a credible and comprehensive economic reform plan must be presented in order to qualify.

The Washington activity, under the personal supervision of Secretary of State George P. Shultz, became known as a report from Jerusalem suggested that Israel might ask for \$700 million in emergency economic aid as soon as a new government is formed.

Gad Yacobi, who is expected to become finance minister if the Labor Party is successful in forming a government, was quoted as saying he envisioned asking for a \$700-million emergency grant in addition to the \$2.6 billion that the Jewish state is expected to receive in fiscal year 1985.

Mr. Yacobi is planning to try to cut the current \$20-billion Israeli budget by \$1.5 billion to \$1.5 billion and to reduce price-indexed wage increases to qualify for the U.S. aid, according to a report in The Wall Street Journal.

A separate report from Jerusalem by The Associated Press quoted a Finance Ministry official as saying Israel would ask the United States to deliver its entire 1985 economic aid package in October to shore up its foreign exchange reserves.

Administration officials said they expected such a request but had not yet received it.

Because of the importance of the Jewish vote in an election year, the Reagan administration would be under heavy political pressure to grant any feasible Israeli economic request. Israel and Egypt are by far the largest recipients of U.S. foreign aid.

U.S. lawmakers have added a provision to the 1985 foreign aid package for Israel, now in its final

stages of consideration on Capitol Hill. It calls for all nonmilitary funds to be supplied to Israel at the beginning of the year rather than being spaced out through the year. This change is expected to cost the U.S. Treasury \$60 million in lost interest payments.

Another special arrangement, proposed by Senator Alan Cranston, Democrat of California, would require that economic aid to Israel always be sufficient to cover the annual interest payments on its \$9 billion debt to the United States.

The State Department said Friday that it opposed this proposal because it would set a bad precedent for other nations that have large U.S. debts and because it would limit presidential budget authority.

Mr. Shultz began telling Israeli leaders late last year that major austerity steps would be necessary to win administration support for additional aid. Mr. Shultz was reported to have told Ambassador Meir Rosenne in December that he was "not impressed" with the steps taken and that they did not amount to a "program for recovery."

Mr. Shultz continued to insist on large-scale economic changes in April discussions here with the Israeli finance minister, Yigal Cohen-Orad. One report said the secretary rejected a six-month austerity program presented by Mr. Cohen-Orad on the ground that more basic changes were needed.

U.S. diplomatic contacts with Israel on the economic situation are reported to have intensified since the July 23 election as it became more likely that a major infusion of funds would be requested.

Shultz has in mind playing the role in connection with Israel that the International Monetary Fund usually plays with other nations," a source said. The secretary has taken such a personal interest in the Israeli economic situation that some of his aides believe that he hopes to establish a record for himself as "the man who saved Israel."

UN's Namibia Panel Studies Action Against Dutch Uranium Company

By Denis Herbstein
International Herald Tribune

GENEVA — The United Nations Council for Namibia is considering legal action against the Dutch company URENCO for its role in handling the territory's uranium, officials said.

The case would be brought under a UN decree forbidding the exploitation of the natural resources of South-West Africa, or Namibia, without the permission of the Council for Namibia. The council has administered the territory since 1966, but South Africa remains in physical control.

The council has been criticized for doing nothing to enforce the decree on natural resources, which has been in existence for a decade.

Noel Sinclair, the Guyanese ambassador to the United States and vice president of the Council for Namibia, said Friday that the council was "preparing itself" to bring an action very soon.

That action would have to be sanctioned by the UN General Assembly, and the court case is expected to be delayed for at least a year.

The council has not decided on a precise course of action. But whatever it does will be breaking legal ground.

The council could ask for a halt in URENCO operations, or it could try to improve the working

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EUROBONDS

Revival of Zeros Involves
Mysterious Swap Technique

By BOB HAGERTY
International Herald Tribune

LONDON — Zero-coupon bonds, like inverted yield curves and hula hoops, make a comeback every now and then. The latest revival of zeros has little to do with nostalgia, though, and everything to do with a mysterious new swap technique.

Over the past three weeks, four zeros with a total redemption value of \$1.9 billion have hit the Eurobond market. In addition, a group led by Salomon Brothers Inc. this month offered hybrid securities that are in effect zero-coupon U.S. Treasury bonds. Zeros are bonds that pay no interest but are offered at a huge discount to redemption value. Three of the four Eurobond zero

Eurobond Yields
For Week Ended Aug. 22

U.S. 10-yr. term, int'l inst.	12.88%
U.S. 10-yr. term, int'l inst.	12.05%
U.S. 10-yr. term, int'l inst.	12.07%
U.S. 10-yr. term, int'l inst.	12.06%
French 10-yr. term, int'l inst.	12.68%
Yen 10-yr. term, int'l inst.	7.54%
ECU short term	10.51%
ECU medium term	11.22%
ECU long term	11.42%
EUA long term	9.47%
FLX 10-yr. term, int'l inst.	10.84%
FLX medium term	10.84%

Market Turnover
For Week Ended Aug. 24
(Millions of U.S. Dollars)

	Total	Dollar Equivalent
Cash	14,172.50	2,112.50
Eurobond	16,724.40	1,546.10

The savings for the borrower can be huge. For instance, Nordic Investment Bank would have had to pay interest of around 13 1/2 percent for a straight 10-year Eurobond, one banker estimated. Instead, it offered a zero-coupon bond and swapped into floating-rate money costing less than the six-month London interbank offered rate, or Libor, which stood Friday at about 12 1/2 percent. Dealers say that arranging a swap with a zero-coupon issue is notoriously difficult. Morgan Guaranty, naturally, would discuss neither its secret formula nor the anonymous counterparty or parties in the transaction.

For tax and regulatory reasons, zeros appeal especially to Japanese and French investors. They also suit investors that want to lock themselves into a high yield. With a straight bond, the investor must worry that interest rates will decline, forcing him to reinvest his interest payments at a lower rate. Since zeros pay no interest, the investor is spared that uncertainty.

ZEROS also appeal to those who want to bet on a major bond rally by putting down a relatively small payment, and speculators are drawn by the rapid price swings common in the zero-coupon market.

The catch is that the new zeros are yielding around 0.75 percentage point less than top-quality straight Eurodollar bonds. Given the flood of new zeros, last week's two new 10-year issues held up reasonably well. Nordic's issue was trading late Friday at around 30.65, for a yield of about 12.60 percent. Electricite de France's issue was about 31.10, for a yield of 12.45 percent.

Meanwhile, the 10-year Swedish Export Credit zero launched earlier this month was yielding about 12.47 percent based on Friday's price, while the 20-year Asian Development Bank issue traded at a yield of about 12.30 percent.

New straight bond issues remained scarce. Part of the reason is that lawyers are still trying to figure out how new U.S. regulations

(Continued on Page 9, Col. 4)

Fed Panel Continues
Present Curbs on Credit

By Robert D. Hershey Jr.
New York Times Service

WASHINGTON — The Federal Reserve decided last month to maintain the existing degree of restraint on credit, and to raise by a modest half-point, the target interest-rate range for overnight loans among commercial banks, according to minutes of its main policy-making arm.

The vote at the July 16-17 meeting of the Federal Open Market Committee was 11-1, with the vice chairman, Preston Martin, dissenting.

Friday's disclosure of the decisions at the meeting, and the reasoning behind them, sparked little reaction on Wall Street.

The one mild surprise, said Raymond W. Stone, manager of financial economics at Merrill Lynch & Co., was that the committee raised the target rate for federal funds only to 8 to 12 percent from its previous level of 7 1/2 to 11 1/2 percent established in March. Mr. Stone, noting that the funds rate was already about 11 1/2 percent at the time of the meeting, said he thought the four-point reference and might have been lifted somewhat further.

Federal funds traded Friday mostly at 11 1/2 and 11 9/16 percent. There is no indication that the Fed intends to raise the discount rate, now 9 percent, on loans it makes to financial institutions, even though this source of credit is substantially cheaper than Fed funds.

The FOMC, in its directive to the

U.S. Consumer Rates

For Week Ended August 24

Fixed Savings	5.58%
Time Deposits	10.02%
Money Market Funds	10.62%
Domestic 3-Month Average	10.62%
Bank Money Market Accounts	9.75%
Bank Rate Monitor Index	9.75%
Home Mortgages	15.20%
FHLB average	15.20%

Federal Reserve Bank of New York, which executes committee decisions in the market for government securities, declared that in the short run it seeks "to maintain existing pressures on reserve positions."

It said this is expected to be consistent with growth rates for M-1, M-2 and M-3 of about 5 1/2, 7 1/2 and 9 percent, respectively, for the June-to-September period.

M-1, the narrowest measure of the U.S. money supply, includes currency in circulation, travelers checks and checking deposits at financial institutions. M-2 includes M-1 plus savings and small time deposits, most money market mutual fund shares and other items. M-3, the broadest aggregate, includes M-2, large time deposits and other items.

Little Change in Rates

James Sterngold of The New York Times reported from New York.

Interest rates fluctuated little Friday, ending a quiet session slightly higher.

Market participants had waited on the sidelines most of the day in advance of the release of minutes

(Continued on Page 11, Col. 5)

Insurance
For FCA
Weighed

U.S. Seeks to Stop
Outflow of Funds

By Bill Sing
and Tom Furlong
Los Angeles Times Service

LOS ANGELES — U.S. regulators, stepping up efforts to monitor Financial Corp. of America and its American Savings & Loan Association unit, have discussed the possibility of insuring all deposits at the troubled S&L to stop an outflow of funds, sources close to regulators say.

The federal regulators also have asked at least three persons if they are interested in becoming chief executive of Los Angeles-based FCA to replace the current chief, Charles W. Knapp, the sources said Friday.

These regulators, who believe that Mr. Knapp's aggressive growth strategy has been largely responsible for FCA's recent financial problems, are said to be exploring the idea of removing him if FCA's financial condition deteriorates.

The sources would not identify the individuals asked about succeeding Mr. Knapp, but leading candidates are believed to be William Popejoy, former chairman of Financial Federation, and Anthony Frank, chairman of First Nationalwide Savings.

The chairman of the Federal Home Loan Bank Board, Edwin Gray, also has told senior staff members to cancel late-August vacation plans, one former regulator said. "I would imagine Gray has the entire agency mobilized over this single issue," the former regulator said. Mr. Gray could not be reached for comment.

The informal discussion of a blanket deposit guarantee comes amid continuing concern about whether institutional depositors with funds exceeding the \$100,000 limit on deposit insurance will keep their funds at American, which is based in Stockton, California. American is the nation's largest S&L.

Any deposit guarantor presumably would be similar to one used by banking regulators in May at Continental Illinois National Bank & Trust Co. Such a guarantee, by protecting all of American's deposits exceeding \$100,000, would help to stop an outflow of these uninsured funds, which accounted for more than half of American's \$25 billion in deposits as of June 30.

American acknowledged that it lost \$1.4 billion in institutional funds in July, although that it said the loss was partially offset by an increase in retail deposits.

The Bond Buyer, a New York-based trade publication, said in a report Friday that a survey conducted earlier this week of 36 large California municipalities with certificates of deposit as large as \$30 million at American showed that 35 have decided to pull out their funds once their accounts mature.

Trying to attract new funds, American last week raised its rates paid on money market funds to 10 1/2 percent, and on smaller consumer deposits, according to Robert Heady, publisher of 100 Highest Yields, a Miami Beach newsletter.

American would not comment on its deposits.

The delicacy of the situation is such that directors of the Federal Home Loan Bank of San Francisco declined to discuss their regular monthly meeting Thursday in San Francisco.

Final Plan Scales Back
U.S. Offshore Oil Leases

The Associated Press

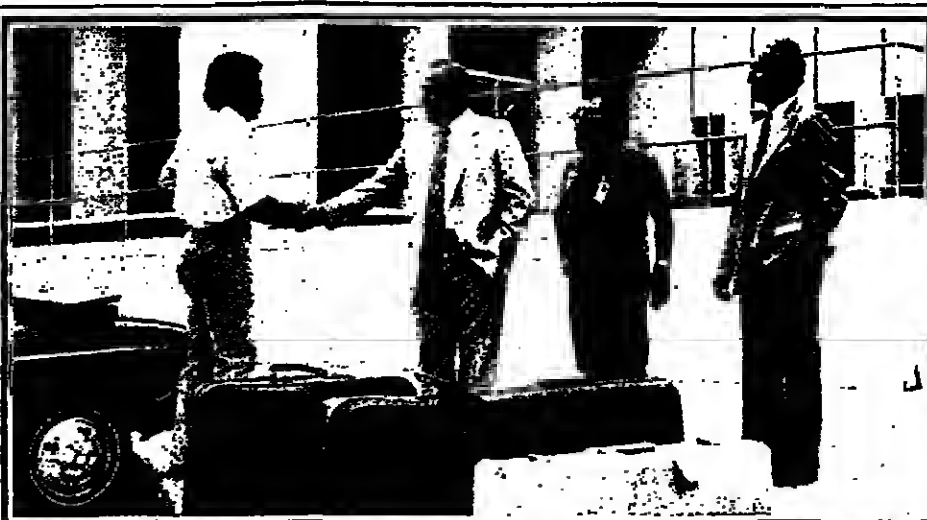
WASHINGTON — The U.S. Interior Department has announced final plans for a scaled-back offshore oil and natural gas lease sale in the North Atlantic that it says is intended to meet objections from environmentalists.

However, a Massachusetts state official, a New England congressman and the environmental group, Greenpeace, expressed concern over the decision that 149 shallow-water tracts located in rich fishing grounds off New England would be retained in the sale.

In making the announcement Friday, William Bettenberg, director of the Interior Department's Minerals Management Service, said the sale, scheduled for Sept. 26 in McLean, Virginia, would include 1,138 tracts totaling about 6.3 million acres (2.5 million hectares) situated 60 to 185 miles (100 to 300 kilometers) off the New England coast.

In May, Interior Secretary William P. Clark announced the elimination of 12 million acres from the planned sale, including eight million acres covered by a congressional moratorium on lease sales in highly sensitive areas of Georges Bank off New England.

Mr. Bettenberg said negotiations with states have resulted in deleting another 514 tracts from the Sept. 26 sale. They include 293 tracts in



Nunmi's D. William Childs, second from left, and Robert W. Hendry, right, say goodbye to two employees being sent to Japan to study assembly methods.

GM, Toyota Unit Fosters New Spirit

By Susan Chira
New York Times Service

FREMONT, California — Roscoe Dye, 47, an autoworker, spent part of his day recently trying to assemble a truck. He was not working with steel, but with building blocks from a children's toy called Lego.

It was one of many tests Mr. Dye had to pass in a four-day screening process before he was hired by Nunmi, which is more formally known as New United Motor Manufacturing Inc., the company born of the General Motors and Toyota joint venture here.

In the Lego exercise, one person tells another how to assemble a truck, but the instructor is not allowed to use his hands. D. William Childs, Nunmi's general manager of human resources, explained. The purpose is to see how well applicants work together, to measure their creativity and to evaluate their leadership abilities.

For Mr. Dye, the game was the most interesting part of the application process. But there was some bitterness in having to go through the process at all.

"When you're an employee at one plant and you go into the same building for 21 years," he said, "it's a little disappointing that they had you go through this assessment to be rehired at the same building. But they convince you it's a new company, and so you have to go through this to get rehired."

In any case, the sweet seems to far outweigh the bitter, now that the company is finally hiring at the former GM plant here, which was closed two and a half years ago. Indeed, as new employees prepare the plant for the production expected to begin in December, it is almost impossible to find a trace of dissatisfaction. For Mr. Dye, who spent 21 years as a maintenance worker and employee trainer on the line, any change is for the better.

"Upper management treated you as a lower grade of people," he said of his former employers.

"If you didn't have the education to communicate with those people, they wouldn't bring themselves to talk to you."

"But we found that the upper management is now willing to talk to a common working person like myself," he continued.

The closing of the GM plant left behind 2,500 unemployed autoworkers and a history of angry confrontations between supervisors and employees, the union and the company.

Now both sides are trying to put that history behind them. At stake is the reputation of the unionized U.S. autoworker and GM itself — whether U.S. workers and managers can match the Japanese in productivity and quality.

"Both sides have something to gain here, and both have something to lose," said Robert W. Hendry, a Nunmi general manager.

"The union can show the world they can do it with American labor," and GM can show that the U.S. auto industry can still produce quality cars.

By most accounts, it took a great deal of time and effort to convince the Japanese that the job could be done by members of the United Autoworkers union, and to convince the UAW to relax some of its work rules, a move justified by the company's determination to change.

William Utery, secretary of labor under President Gerald R. Ford and a senior consultant on labor relations to the new venture, said the Japanese at first did not want to use union workers.

"There was a perception of lack of discipline, drugs, absenteeism, at times even some sabotage," he said. "It would strike fear if you're going to try to come to America to build a quality car. I had to convince the Japanese that not only should they not get upset with the UAW, but that they should respect it."

He prevailed. As previously reported, the new company pledged to hire a majority of employees

(Continued on Page 11, Col. 6)

Foreign Banks Fail to Agree on Zanussi Rescue

By Andrew Hurst
Reuters

MILAN — The future of Zanussi, Italy's leading home appliance producer and one of its greatest postwar industrial success stories, now lies in the hands of its foreign creditors, haggling over the terms of a rescue bid.

The Italian banks that are owed most of Zanussi's 1.05 trillion lire (\$390 million) of debts have accepted proposals from Electrolux of Sweden to buy a 49-percent stake. But some foreign banks have so far rejected an Electrolux offer to repay 70 percent of Zanussi's dollar loans in return for writing off the rest.

"Further delays will be extremely serious from Zanussi's point of view," Electrolux's president, Anders Scharp, said. "Zanussi is bleeding and the risk is it will bleed to death."

On Friday, Mr. Scharp set a new deadline of two weeks for reaching an agreement with the foreign creditors, saying that his company's offer was a package and if the banks did not accept the terms, the offer might not go through.

A combined Electrolux-Zanussi group would command nearly one quarter of Western Europe's mar-

ket for so-called "white goods," easily outstripping its main rivals, Philips of the Netherlands and Bosch-Siemens of West Germany.

Zanussi ran into trouble in the early 1980s after borrowing heavily at home and overseas to fund ill-fated ventures into consumer electronics and house building.

An Italian banker said, "Like many successful firms, Zanussi thought it could never put a foot wrong even when it invested outside its mainline business, which is cookers and fridges."

"To diversify, it borrowed and we all know that debts have a tendency to multiply when interest rates are high."

On sales running at more than \$1 billion annually, Zanussi has posted a loss of 170 billion lire in the last two years.

Electrolux is the latest of several European multinational companies to woo Zanussi, whose headquarters are at Pordenone in northeastern Italy.

Thomson-Brandt of France made a bid last March, less than a year after Philips signed a technical-cooperation agreement with

AT&T to Cut
11,000 Jobs
By Next Year

By Peter W. Barnes
New York Times Service

NEW YORK — American Telephone & Telegraph Co. has announced that it will eliminate 11,000 management and blue-collar jobs to the United States by early next year as part of its continuing effort to control costs.

The cuts, rumored for weeks, reflect the continuing difficulty that AT&T is having in adapting to the competitive telecommunications environment since the Bell System breakup on Jan. 1.

AT&T has routinely laid off manufacturing employees temporarily during economic downturns, but the new cutbacks would be the first of their kind in modern times at the company, where lifelong employment has been commonplace.

The company, which reported earnings well below its earlier projections for its first year without the local Bell operating companies, has been struggling for most of the year to bring its high costs under control. It has already frozen wages for 114,000 management-level employees, announced the closing of four plants and cut 5,000 workers from its payrolls through attrition, resignations and special early retirement programs. AT&T employs 373,000 people nationwide.

Officials at AT&T said Friday that the cuts would be concentrated in the 53,000-employee equipment maintenance and service operations of AT&T Technologies, the unregulated AT&T subsidiary spearheading the parent's push into the computer business.

Union and company sources expect further staff reductions to be announced before the end of the year as AT&T completes its review of each department's payroll size. Many analysts say AT&T could easily eliminate 10 percent of its staff.

"AT&T is now a new business, and our job functions and our job assignments have to reflect that," said Don McLaughlin, an AT&T spokesman.

The chairman of AT&T Technologies, James E. Olson, will announce the reductions in a telephone conference with managers of the subsidiary's 3,200 offices nationwide Monday.

The company will try to transfer employees or seek voluntary retirements, he added. But sources said wide-scale layoffs are likely. Departing employees, however, will be given severance packages patterned after the early retirement incentive programs still being offered to some parts of AT&T, the sources said.

"The people who will be asked to leave will get a very nice package," said one manager who left AT&T recently and who had been in contact with former associates Friday.

AT&T Technologies, which consists largely of AT&T's old Western Electric operation, employs about two-thirds of AT&T's work force. But it generates less than half of the parent company's revenues and is barely profitable.

Mr. Olson said in June that AT&T Technologies intended to reduce expenses by 20 percent to 25 percent by the end of the year. At the time, he did not specify where the reductions would be made, but he told managers that layoffs had not been ruled out.

One member of the Communications Workers of America, which represents a majority of the company's 230,000 unionized workers, said morale among workers lately was poor to light of layoff rumors.

"They are resigned to the fact that there are going to be some individual aches and pains before the company gets strong," he said.

AT&T wants to cut costs quickly to prevent any further erosion of its already battered long-distance and telephone-equipment operations. According to studies by Eastern Management Group, a Parsippany, New Jersey, consulting firm, it costs AT&T \$61 an hour to install and maintain products and equipment, compared with \$33 an hour for International Business Machines Corp., its main competitor in the computer industry, and \$28 an hour for MCI Communications Corp., its chief long-distance rival.

Taiwan Urges
Toyota to Meet
Project Deadline

United Press International

TAIPEI — Economy Minister Hsu Li-te of Taiwan has warned that Taiwan's conditions for a joint automaking venture with Toyota Motor Corp. of Japan are firm and that further negotiations will not change them.

Mr. Hsu said Friday that he hopes Toyota will present a final reply on the \$300 million project before the Sept. 4 deadline. He was commenting on reports that Toyota wanted an extension to the deadline.

Toyota has postponed the decision more than once this year. The plan calls for a construction of an auto plant in Taiwan to produce compact Toyota Corollas. Toyota would hold 45 percent of the stock in the plant, with the rest divided among Taiwan's government and private companies.

Mr. Hsu said the venture depended on Toyota agreeing to transfer technology to Taiwan.

These securities have been sold outside the United States of America and Japan. This announcement appears as a matter of record only.

NEW ISSUE

23rd August, 1984

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Currency Rates

Official foreign exchange rates on Aug. 24, excluding fees.

	\$	DM	FF	Yen	Swf	Scd	DKr	Nkr	SEK	Ymk
Australia	1.2575	4.541	112.70	163.71	8.082	5.972	324.53	134.48	1.348	1.348
Belgium	35.36	78.84	30.770	4.571	17.896	—	34.955	24.08	—	—
Canada	0.75	1.36	—	—	—	—	—	—	—	—
Denmark	1.36	—	—	—	—	—	—	—	—	—
France	6.55	—	—	—	—	—	—	—	—	—
Germany	1.736	—	—	—	—	—	—	—	—	—
Italy	1.36	—	—	—	—	—	—	—	—	—
Japan	1.36	—	—	—	—	—	—	—	—	—
Netherlands	1.36	—	—	—	—	—	—	—	—	—
Sweden	1.36	—	—	—	—	—	—	—	—	—
Switzerland	1.36	—	—	—	—	—	—	—	—	—
UK	1.36	—	—	—	—	—	—	—	—	—
US	1.36	—	—	—	—	—	—	—	—	—
West Germany	1.36	—	—	—	—	—	—	—	—	—
Yugoslavia	1.36	—	—	—	—	—	—	—	—	—

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INTERNATIONAL
Herald Tribune
Published With The New York Times and The Washington Post

Kohl Plans to Urge U.S. Flexibility on East-West Trade
By William Bradford Huie
FRANKFURT, West Germany, Oct. 10 (AP) — Helmut Kohl, West German Chancellor, will urge the United States to show more flexibility in trade with the Soviet Union and Eastern Europe when he meets with President Ronald Reagan in Washington next week, a German official said today.

Soviet Union Intensifies Its Campaign Against NATO Missile Program.
The Soviet Union is intensifying its campaign against the NATO missile program, a Soviet official said today. The official said the Soviet Union is "convinced" that the NATO missile program is a "provocation" and "a direct threat to the security of the Soviet Union."

Senate Budget Panel Calls Reagan Request on Military Spending "Unreasonable"
A Senate budget panel today called President Ronald Reagan's request for a 10 percent increase in military spending "unreasonable" and "excessive."

INTERNATIONAL

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